# CHILD CARE: KEY TO EMPLOYMENT IN A CHANGING ECONOMY

## HEARING

BEFORE THE

## SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

FIRST SESSION

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HEARING HELD IN WASHINGTON, DC, MARCH 10, 1987

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# CHILD CARE: KEY TO EMPLOYMENT IN A CHANGING ECONOMY

TUESDAY, MARCH 10, 1987

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES,
*Washington, DC.*

The select committee met, pursuant to call, at 9:35 a.m., in room 2226, Rayburn House Office Building, Hon. George Miller presiding.

Members present: Representatives Miller, Lehman, Boggs, Coats, Sikorski, Sawyer, Hastert, Rowland, Wortley, Johnson, Martinez, Packard, Durbin, Holloway, Grandy, Boxer, Skaggs, and Evans.

Staff present: Ann Rosewater, staff director; Anthony Jackson, professional staff; Jill Kagan, professional staff; Carol Statuto, minority deputy staff director; Spencer Kelly, minority research assistant; and Joan Godley, committee clerk.

Chairman MILLER. Today, the Select Committee on Children, Youth, and Families will examine the current status of child care and its relationship both to the nation's economic productivity and to the stability of the nation's families, who are the backbone of its workforce.

We hear a lot these days about making America more competitive in the international marketplace, but to become more competitive means using the full resources of our workforce—men and women alike.

We hear as well that one answer to removing families from welfare dependency is to compel work, or provide the opportunity to work—for men and women alike.

For most families today, just to keep up their standard of living and raise their children depends on the incomes of both parents. When children are living with only one parent, that parent's participation in the workforce becomes almost mandatory.

Consequently, in today's world, achieving our national goals requires that both mothers and fathers have jobs. If another of America's shared goals—that of healthy and stable families—is to be achieved in tandem, then reliable, decent child care becomes absolutely essential.

While many pay lip service to these goals, no one is talking about investing in an adequate and affordable child care system that would make reaching them possible. Instead, what we find is that the needs of the economy and the needs of families and children are pitted against one another and for the most part, our families are left to fend for themselves.

The result is children whose care is haphazard, at best, and frequently dangerous or nonexistent. Furthermore, when child care arrangements fail, we wind up with parents whose work productivity predicitably declines.

For low-income mothers trying to get training, enter the job market, or hold on to hard-won employment, the absence of decent, affordable care for their children creates an insurmountable barrier. Too often, returning to the certainty of AFDC becomes the only rational choice to protect their children.

What the Select Committee has learned from its extensive investigations is the unavoidable fact that assuring quality child care programs—facilities, training, and quality control—is an essential ingredient of any war against welfare, and any real chance for America to become competitive again. At the same time we are working to create decent child care opportunities, we must also find ways to make child care affordable for everyone who needs it.

Those of us who have been able to become expert in this subject are well aware that this is not an easy task. It is going to take time to get us to where we need to be. And, it is not a task that can be accomplished by this Committee singlehandedly. We are going to need the support and the ingenuity of the private industry and the creativity of our citizenry to make this a reality.

Today, we will learn about the difference that decent and affordable child care can make to wives and families, including research that found significant gains in employment and earnings for low income families directly due to the availability of child care. We will learn that local governments have accomplished a lot with the increasing demand.

And we will learn about some of the innovative efforts undertaken by the private sector.

I welcome all of the witnesses here today. I'm especially pleased that Sunne McPeak, the Chair of the Contra Costa County Board of Supervisors, has traveled all the way from California to share with us the pioneering public and private child care ventures that have been undertaken in my home district.

[Opening statement of Hon. George Miller follows:]

OPENING STATEMENT OF HON. GEORGE MILLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, AND CHAIRMAN, SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES

Today, the Select Committee on Children, Youth and Families will examine the current status of child care and its relationship both to the nation's economic productivity and to the stability of the nation's families, who are the backbone of its workforce.

We hear a lot these days about making America more competitive in the international marketplace, but to become more competitive means using the full resources of our workforce—men and women alike.

We hear as well that one answer to removing families from welfare dependency is to compel work, or provide the opportunity to work—for men and women alike.

For most families today, just to keep up their standard of living and raise their children depends on the incomes of both parents. When children are living with only one parent, that parent's participation in the workforce becomes almost mandatory.

Consequently, in today's world, achieving our national goals requires that both mothers and fathers have jobs. If another of America's shared goals—that of healthy and stable families—is to be achieved in tandem, then reliable, decent child care becomes absolutely essential.

While many pay lip service to these goals, no one is talking about investing in an adequate and affordable child care system that would make reaching them possible. Instead, what we find is that the needs of the economy and the needs of families

and children are pitted against one another and for the most part, our families are left to fend for themselves.

The result is children whose care is haphazard, at best, and frequently dangerous or nonexistent. Furthermore, when child care arrangements fail, we wind up with parents whose work productivity predictably declines.

For low-income mothers trying to get training, enter the job market, or hold on to hard-won employment, the absence of decent, affordable care for their children creates an insurmountable barrier. Too often, returning to the certainty of AFDC becomes the only rational choice to protect their children.

What the Select Committee has learned from its extensive investigations is the unavoidable fact that assuring quality child care programs—facilities, training, and quality control—is an essential ingredient of any war against welfare, and any real chance for America to become competitive again. At the same time we are working to create decent child care opportunities, we must also find ways to make child care affordable for everyone who needs it.

Those of us who have been able to become expert in this subject are well aware that this is not an easy task. It is going to take time to get us to where we need to be. And, it is not a task that can be accomplished by this Committee singlehandedly. We are going to need everyone's help. The government will have to play its critical role in the process. But we are also going to need the support and ingenuity of private industry and the creativity of our citizenry to make it a reality.

Today, we will learn about the difference that decent, affordable child care can make in the lives of families, including new research that found significant gains in employment and earnings for low income families directly due to the availability of child care. We will learn how important quality child care is for the developmental and physical well-being of children. We will learn what state and local government have accomplished in meeting the increasing demand. And we will learn about some of the innovative efforts undertaken by the private sector.

I welcome all of our witnesses here today. I am especially pleased that Sunne McPeak, Chair of the Contra Costa County Board of Supervisors, has travelled all the way from California to share with us the pioneering public/private child care ventures which have been undertaken in my home district.

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## Fact Sheet—Hearing: "Child Care: Key to Employment in a Changing Economy"

### LACK OF CHILD CARE IS BARRIER TO EMPLOYMENT

36% of mothers in families with incomes less than $15,000/year said they would look for work if child care were available at a reasonable cost. Single mothers were twice as likely to respond in this manner (45%) than married mothers (22%). (Census, 1983)

One-third of nonworking mothers with preschool children who dropped out of high school said that they would look for work if they had reasonably priced child care. (O'Connell and Bloom, 1987)

In a survey of 1,200 California parents, ¼ of all homemakers and unemployed parents, including ⅓ of all single parents, reported that inadequate child care arrangements kept them from working or attending training programs. (California Governor's Task Force on Child Care, 1986)

Of 130,000 Philadelphia County, Pennsylvania families, 1 out of 5 reported lack of child care as a major deterrent to employment. (Fernandez, 1986)

Nearly 2/3 of the single mothers receiving AFDC benefits surveyed in Washington State cited difficulty with child care responsibilities as a primary problem in seeking and keeping jobs. More than ¾ of the women who had stopped looking for work cited child care difficulties as preventing their search for, or attainment of, employment. (National Social Science and Law Center, 1986)

### CHILD CARE BENEFITS IN THE WORKPLACE: LIMITED, BUT GROWING

Of 8,121 employees in Portland, Oregon, 47% of female employees and 28% of male employees with children under age 12 reported stress due to their child care arrangements. (Galinsky and Friedman, Investing in Quality Child Care: A Report for AT&T, [AT&T], 1986)

Of 5,000 workers at five corporations in the Midwest, 58% of the female workers and 33% of the male workers with young children felt that their child care concerns affected their time at work in unproductive ways. (AT&T, 1986)

In 1985, only 1% of employees in medium and large firms were eligible for even partial defrayment of costs associated with day care for their children. (O'Connell and Bloom, 1987)

Between 1970 and 1986, the number of employers providing child care services for children of their employees rose from under 50 to about 2000. But they represent few of the nation's 6 million employers or the 44,000 companies with 100 or more employees. (O'Connell and Bloom, 1987)

In a representative study of 600 adults in U.S. households with incomes of at least $25,000, 80% said they want employers to offer child referral services; 70% want employer-provided on-site child care, and 58% would like subsidized child care. Among the 21% of households with a child under age 6, 45% would consider changing jobs or returning to work if they knew of a company that provided flexible work hours. On-site child care and subsidized child care would encourage 39% and 34% respectively to change jobs or return to work. (LAR/Decision Research, 1987)

### CHILD CARE PROVIDES WAY OUT OF POVERTY FOR LOW-INCOME PARENTS

Almost 1/2 of the participants in a voucher day care program in Massachusetts were able to terminate AFDC. Employment levels rose with the length of participation, from 63% at baseline to 93% for those using the child care vouchers for 12 months or more. Among individuals looking for work, 70% found employment. (Grey et al., 1984)

Child care offered on a sliding fee scale basis in Florida resulted in a 50% reduction in welfare recipiency, a 123% improvement in employment, and a 117% increase in family income. Once AFDC recipients left welfare, they remained self-sufficient. (Hosni and Donnan, 1979).

Family income and taxes paid increased 6½ times among California families who used a child care program for two years. Total public funding was offset by 45% and 68% of AFDC families no longer required income assistance. (Freis and Miller, 1981)

Child care provided on-site at a St. Paul high school has been a major factor in allowing 80% of teen mothers to complete high school. Programs in selected Mississippi school which offer child care also show a 90% high school graduation rate among teen mothers. (Select Committee on Children, Youth, and Families [CYF], 1984)

### LACK OF CHILD CARE PERSISTS DESPITE GROWING NEED

In FY 1986, states' overall Title XX Social Services Block Grant (SSBG) expenditures for child care were approximately 12% lower—in constant dollars—than in 1981. In FY 1986, 23 states were providing fewer children with child care assistance through the Title XX SSBG than they did in 1981. Only 15 states were serving more children. Between FY 1985 and FY 1986, 11 states again reduced the number of children served in their Title XX funded child care programs--almost twice the number of states that reduced children served between FY 1984 and FY 1985. (Children's Defense Fund, State Child Care Fact Book, 1986)

While low income, female-headed households account for 80–90% of the families receiving child care subsidies through some combination of federal, state, and local funds, many states are serving less than 30% of their eligible population. (Marx, 1987)

Only 7% of the estimated 1.1 million California children are eligible for subsidized child care. California provides state funds for 63,000 children ages 0–14 in child care programs, and for 20,000 children in state preschool programs. (California Assembly Office of Research, 1986)

In New York, between 830,000 and 1.2 million preschool and school-age children need child care, in contrast to the fewer than 135,000 licensed child care placements that are available statewide. (New York Commission on Child Care, 1987)

In one representative area of Houston served by the Urban Affairs Corporation, 92 infants are enrolled in day care to allow their teenage mothers to complete school or work; 90 additional infants are on a waiting list. (Bryant, 1987)

In more than 230 public housing projects with child care centers recently surveyed, there was a waiting list of approximately 96,000 children. (Robins, 1987)

### MORE WOMEN IN WORKFORCE

Since the mid-1960's, the number of women in the workforce has more than doubled. Currently, 54.5% of women are active in the workforce. More than 62% of all new jobs created since the mid-1970's went to women, and more than 60% of all

working women are employed in clerical, sales, and service-sector occupations. (Sacks, 1986).

Women will account for the majority of the labor force growth from 1984 to 1995. In 1970, 50% of women between age 25 and 44 were in the workforce; by 1995, it is estimated that more than 80% of these women will be working. (Department of Labor, 1986)

Currently, 70% of all women in the workforce are of childbearing age; 80% of them are expected to become pregnant sometime during their work careers. (AT&T, 1986)

MORE MOTHERS IN LABOR FORCE

Half of all married mothers with infants under age one are in the workforce—a 108% increase since 1970. (Bureau of Labor Statistics [BLS], 1986)

In 1986, 60% of mothers whose youngest child was 3–5 years old were employed—up from 45% a decade earlier. (BLS, 1986)

The 1990's will be the first decade to begin with a majority (55%) of married mothers of children under age six in the labor force, an 80% increase since 1970. (CYF, 1984)

In 1985, 67.8% of single parent mothers worked, up from 59.7% in 1973. (Joint Economic Committee [JEC], 1986)

By 1995, ⅔ of all preschool children (14.6 million) will have mothers in the workforce. Four out of five children between the ages of 7 and 18 are expected to have working mothers. (National Institute of Child Health and Human Development [NICHD], 1986; Marx, 1987)

MORE MOTHERS WORKING FULL-TIME

Of all mothers who worked in 1985, approximately 70% worked full-time. In 1985, 84% of black working mothers, 69% of white working mothers, and 79% of Hispanic working mothers worked full-time. (BLS, 1985; Hayge, 1986)

More than ⅔ of all employed mothers with preschool children work full-time. (BLS, 1986)

Thirty-five percent of women working part-time or looking for work would work additional hours if they could find affordable child care. (National Association of Working Women, 1986)

WOMEN MAKE CRITICAL CONTRIBUTION TO FAMILY INCOME

In two-parent households, real income declined 3.1% between 1973 and 1984, but would have declined by 10% were it not for the increased number of working mothers. (JEC, 1986)

In a 1983 New York Times survey, more than 71% of working mothers with children said they work to support their families. (JEC, 1986)

One fourth of working women earn more than their husbands. In addition, 25% of working women are married to men who earn less than $10,000/year; 50% are married to men who earn less than $20,000/year and 80% of working women are married to men who earn less than $30,000/year. (AT&T, 1986)

Between 1967 and 1985, wives' contributions to family income increased from 10.6% to 18.0% for white families with children, from 19.4% to 30.4% for black families with children and from 14.4% to 20.0% for Hispanic families with children. On the average, in 1985, the earnings of two-parent families were 24.4% higher than they would have been had wives not worked and had all other income sources remained at their 1985 levels. (JEC, 1986)

Chairman MILLER. And at this time, I'd like to recognize the Ranking Minority Member, Mr. Coats.

Mr. COATS. Thank you, Mr. Chairman.

I just wanted to note this morning with particular pride that Richard Vicars and Madeline Baker, of the Lincoln National Life, a corporation in Ft. Wayne, Indiana will be presenting testimony this morning regarding the creative employee child care programs provided by Lincoln National Life.

Lincoln National Life has been, in the past years, particularly responsive to families with programs such as information and refer-

ral services, child care for sick children, flexitime, job sharing and part-time work.

Last year, Lincoln helped me sponsor, together with the White House and Health and Human Services Department, a luncheon and a series of meetings on employer supports for working parents in Ft. Wayne, Indiana.

I believe it is very important that corporations work to devise family-sensitive programs such as those offered by Lincoln National Life. I'm proud to have this Ft. Wayne example as a national example for other corporations throughout the nation.

Chairman MILLER. Mr. Hastert?

Mr. HASTERT. I welcome Mrs. Sue Miles who came to testify today from Waubonsee College. Waubonsee College has been very, very active in providing child care training so that there can be a link with major corporations and small business in my district so that there is a provision in those institutions when people go to work that they can keep that family link together.

We're very pleased to have Ms. Miles here from Sugar Grove today.

Chairman MILLER. Thank you.

Mr. Packard?

Mr. PACKARD. I have no opening statement, Mr. Chairman.

Chairman MILLER. Mr. Durbin?

Mr. DURBIN. I have no opening statement.

Chairman MILLER. Then the Committee will call the first panel, which will be made up of Annie Bridgers, who is a parent from Washington, DC; Terry Maniker who is a parent from Bethesda, Maryland; Tom Glynn, who is the Deputy Commissioner of the Department of Welfare, Commonwealth of Massachusetts accompanied by Ronnie Sanders who is the Director of Voucher Day Care, Department of Social Services; and Sue Miles, who is a Coordinator and Instructor, Early Childhood Education, from Waubonsee College in Sugar Grove, Illinois.

We will take you in the order in which I called your names. And, Annie, we will begin with you.

I want to welcome you all to the Committee and to tell you to proceed in the manner in which you are most comfortable. Your written statement will be put in the record in its entire form.

So relax and tell us what's on your mind.

Annie?

**STATEMENT OF ANNIE M. BRIDGERS, PARENT, WASHINGTON, DC**

**DC**

Ms. BRIDGERS. Good morning, Mr. Chairman and Members of the Select Committee.

Chairman MILLER. We'll move the microphone a little bit closer to you so that people in the back of the room can hear.

Thank you.

Ms. BRIDGERS. My name is Annie Bridgers. I have three children: Shwan, age 12; Nina, age 6; and Marco, age 2. First of all, thanks for the opportunity to speak to you on the importance of day care.

From my own experience, I know if it weren't for good day care centers, I would not have the job that I enjoy getting up and

coming to everyday. When I first heard about the Jobs Opportunity and Business Skills Program, a job training program here in Washington, D.C., I was so pleased to learn that it provided day care.

I was glad Public Assistance was there when I needed it, but I didn't want to become dependent on it. I had always worked when I was growing up. We all had to do our part.

My family was a family that pulled together in order to survive: working, for me, was a natural part of my life. Having my first child 12 years ago wasn't so bad because when I was able to start looking for a job, there were always family around to look after my child.

And when I had my second child, I found someone whom I could trust to watch my baby so I could work. When I had my son in 1984, that's when problems really started. Times have changed, and now all the members of my family work.

The baby sitter I use for my daughter, now six years old, has started to work on a full-time job. So there was no one I trusted in my area to watch my son. I stayed home with him for well over a year until I began to feel as though the walls were closing in on me.

That's when I decided to approach my case worker about some type of school that would provide day care so I could attend. I could not have attended any training program that didn't have day care that would enable me to be out of the house more and feel like I was accomplishing something with my life, and also help me get a better paying job than I had before.

He recommended Jobs Opportunity and Business Skills, and that's when my life started to change. JOBS gave me the opportunity to learn more about myself, how to be more confident, what things I value more and how to get a job and keep it.

The program provided day care during the classroom training and during the on-the-job training. And I kept my son in the same day care program when I started working.

That was important to me because it is close by, and the day care provided him with a lot of attention as well as to each child. I am now working at Phillip T. Johnson Senior Citizens Center in Washington.

Having day care for my son is a blessing. I could not make it at this point of my life without it. Someday, in the near future, I hope I won't have to depend on any help with my daycare and make room for someone else who may want to work but can't because they don't have anywhere to leave their children.

But if I lose my subsidy and day care now, it would be just like going on Public Assistance again. The day care center that I use now charges $45 a week, and before the summer it will go up because my son is beginning to learn potty training, and she charges $10 more for that.

Without the subsidy, I would have to pay $220 a month for day care when I only bring home $352 every two weeks. I am really beginning to get my life back in order now with the help of day care subsidy. But if it is cut in any way, it would affect my whole family.

I don't know how I would make it. I sure wouldn't want to go back on Public Assistance again. Life is so much better now. Please help me keep it that way.

Thank you so much for listening to me. I hope I have shed some light as to how much the working single mothers of America need your help.

Chairman MILLER. Thank you very much.

[Prepared statement of Annie Bridgers follows:]

PREPARED STATEMENT OF ANNIE BRIDGERS, A PARENT, WASHINGTON, DC

Good Morning Mr. Chairman and Members of the Select Committee:

My name is Annie Bridgers. I have three children, Shwan, age 12, Nina, age 6, and Marco, age 2.

First of all, thanks for the opportunity to speak with you on the Importance of Day Care. From my own experience, I know if it weren't for good day care service, I would not have the job that I enjoy getting up and coming to everyday. When I first heard about the JOBS Opportunity and Business Skills Program, a job training program here in Washington, D.C., I was so pleased to learn that it provided day care. I was glad public assistance was there when I needed it, but I didn't want to become dependent on it. I have always worked when I was growing up; we all had to do our part. My family was a family that pulled together in order to survive. Working for me was a natural part of my life.

Having my first child twelve years ago wasn't so bad, because when I was able to start looking for a job, there were always family around to look after my child. And when I had my second child, I found someone whom I could trust to watch my baby, so I could work.

When I had my son in 1984, that's when problems really started. Times have changed and now all the members of my family work. The babysitter I used for my daughter, now 6 years old, had started to work on a full time job, so there was no one I trusted in my area to watch my son. I stayed home with him for well over a year, until I began to feel as though the walls were closing in on me, that's when I decided to approach my case worker about some type of school that would provide day care so I could attend. I could not have attended any training program that didn't have day care. That would enable me to be out of the house and feel like I was accomplishing something with my life, and also help me get a better paying job than I had before. He recommended Jobs Opportunity and Business Skills, and that's when my life started to change.

JOBS gave me the opportunity to learn more about myself, how to be more confident, what things I value more and how to get a job and keep it. The program provided day care during the classroom training and during on-the-job training, and I kept my son in the same day care program when I started working. That was important to me because it is close by and the day care provider gives a lot of attention to each child.

I am now working at the Phillip T. Johnson Senior Citizen Center in Washington. Having day care for my son is a blessing. I could not make it at this point of my life without it. Some day in the near future I hope I won't have to depend on any help with my day care, and make room for someone else, who may want to work but can't because they don't have anywhere to leave their children. But if I lose my subsidy in day care now, it would be just like going on public assistance again. The day care center that I use now charges forty five ($45.00) dollars a week and before the summer it will go up, because my son is beginning to learn pottie training, and she charges ten ($10.00) dollars more for that. Without a subsidy, I would have to pay two hundred and twenty ($220.00) dollars a month for day care, when I only bring home three hundred and fifty two ($352.00) dollars every two weeks.

I am really beginning to get my life back in order now, with the help of day care subsidy, but if it is cut in any way it would affect my whole family. I don't know how I would make it. I sure wouldn't want to go back on Public Assistance again. Life is so much better now; please help me keep it that way. Thank you so much for listening to me, I hope I have shed some light as to how much the working single mothers of America need your help.

Chairman MILLER. Terry?

## STATEMENT OF TERRY MANIKER, PARENT, BETHESDA, MD

Ms. MANIKER. Mr. Miller, Mr. Coats, Mr. Durbin, Mrs. Boggs, Mr. Hastert, Mr. Packard, I'm thrilled to be here this morning, and I can be here because my daughter is in a subsidized day care center.

Because day care is subsidized, we are productive, contributing members of society. Divorce took me from the upper middle class to complete poverty. I had no job skills. I had no education whatsoever.

Lisa, who is now nearly 7 years old, was a month old nursing infant. I tried to get a job but could not. Had I found one, I would have had no place to keep my infant while I worked.

I walked two hours to a local university campus; I could not afford bus fare. (I would like at this point to interject to my submitted written testimony: This is not a "made for television" movie. There are many people like me out there who don't have money for bus fare.) I sold my stereo, television, and living room couch to pay my first semester of tuition. I nursed my baby during class because I could not afford a baby sitter. When a neighbor agreed to baby sit for Lisa, I began to wonder, with cause, whether she was being treated properly, whether she was receiving proper nutrition.

I began inquiring about day care centers and if temporary financial aid was available from the Social Services Agency. When my daughter was accepted into a center and a grant was forthcoming, I was able to see my daughter more, not less, because of the center's proximity to my own location. I'd like to add also that she was exposed to educational opportunities she wouldn't otherwise have had. In addition, my daughter received a hot, nutritious meal during a period when I could not afford that type of food for myself. And, equally important, that temporary financial aid from the Social Services Agency kept my family off of Public Assistance. We were able to stay off of welfare.

I completed my BA in two years, graduating Phi Beta Kappa at the top of my class. I was encouraged to apply to law school but knew that if accepted, regardless of the generosity of the scholarship, I would not be eligible for day care assistance because subsidized day care does not apply to single parents seeking graduate degrees. I went anyway. I worked three, often four, jobs during my first year of law school. My friends, I feel as if I have scrubbed every toilet east of the Mississippi! [Laughter.]

In a few weeks, on Mother's Day, I will graduate from George Washington University's law School. I have been offered, but cannot accept, jobs in major District law firms because day care centers are not subsidized to remain open after specific hours.

I am, therefore, still searching for a job.

My name is Terry Maniker. There are many women, as you know, like me who combine career and family. We are referred to as "Superwomen" but without subsidized day care, many of us would be called welfare mothers.

Thank you very much.

Chairman MILLER. Thank you.

[Prepared statement of Terry Maniker follows:]

PREPARED STATEMENT OF TERRY MANIKER, PARENT, BETHESDA, MD

*Dear Mr. Chairman and respected Members: I am here because of a Day Care* center. I can attend school, work and Congressional committee hearings WITHOUT ACCEPTING PUBLIC ASSISTANCE because of a Day Care center. Subsidized Day Care has kept my family off of Welfare. Because Day Care is subsidized, we are productive, contributing members of society.

Divorce took me from the upper-middle-class to complete poverty. I had no job skills. I had no education whatsoever. Lisa, who is now nearly seven-years-old, was a months-old nursing infant. I tried to get a job but could not. Had I found one, I would have had no place to keep my infant while I worked.

I walked two hours to a local University campus; I could not afford bus fare. I sold my stereo, television and living room couch to pay my first semester of tuition. I nursed by baby during class because I could not afford a babysitter. When a neighbor agreed to babysit for Lisa I began to wonder whether Lisa was receiving proper food, whether she was being treated properly. I began inquiring about Day Care centers and if temporary financial aid was available from the social services agency. When my daughter was accepted into a center and a grant was forthcoming, I was able to see my daughter more, not less, because of the center's proximity to my own location. In addition, my daughter received a hot, nutritious meal during a period when I could not afford that type of food myself. And, equally important, that temporary financial aid from the social services agency kept my family off of public assistance. We were able to stay off of welfare.

It took me two years to complete my B.A., graduating Phi Beta Kappa at the top of my class. I was encouraged to apply to law school but knew that if accepted, regardless of the generosity of the scholarship, I would not be eligible for Day Care assistance because subsidized Day Care does not apply to single parents seeking graduate degrees. I worked three, often four, jobs during my first year of law school. I feel as if I have scrubbed every toilet East of the Mississippi!

In a few weeks, on Mother's Day, I will graduate from George Washington University's law school. I have been offered, but cannot accept, jobs at major district firms because Day Care centers are not subsidized to remain open after specific hours. I am, therefore, still searching for a job.

My name is Terry Maniker. There are many women like me who combine career and family. You call us SUPERWOMEN but without Day Care centers, millions of us would be called WELFARE MOTHERS.

Thank you very much.

Chairman MILLER. We're going to go through and hear each member of the panel and then we'll open it up for questions from the Committee.

Mr. Glynn?

## STATEMENT OF THOMAS GLYNN, DEPUTY COMMISSIONER, DEPARTMENT OF PUBLIC WELFARE, COMMONWEALTH OF MASSACHUSETTS

Mr. GLYNN. Thank you, Mr. Chairman.

I am the Deputy Commissioner of the State Welfare Department in Massachusetts. And with me today is Ronnie Sanders, who is the Director of our Voucher Day Care Program at our State Department of Social Services.

Ronnie runs the ET Day Care Program.

I can summarize the importance of day care to our ET Program in Massachusetts in a single phrase. Without it, ET would not work. It's that simple. Let me repeat that.

Without day care, our ET Program in Massachusetts would not work.

Briefly, our ET Choices Program began in October of '83 as an employment, skills training and education program which has now placed over 30,000 welfare recipients in Massachusetts in full- and part-time jobs.

ET offers welfare recipients a choice between direct job placement, skills training, supported work, and basic education. Equally important, ET offers participants day care and reimbursement for transportation costs.

And for ET graduates, we provide at state expense transitional day care for one year after they find a job.

If a program budget reveals a program's priorities, then you will see that day care is at the top of our list, with $27 million in this fiscal year out of our total budget of $57 million. Day care is over half of the money that we will spend on our whole program.

And next year, in our budget which begins July 1, we will spend $35 million on day care and $30 million on the rest of the program. And we think this is a good investment. There are three reasons why we are so committed to spending half of our total budget on day care.

First, the majority of welfare recipients in Massachusetts have children under six.

Second, we pay for day care while an ET participant is in training. And then we pay for day care for a year after they find a job. A 1986 survey of our ET graduates found out that the biggest single problem that ET graduates have after they are placed in jobs is day care. Transitional day care is essential to overcoming this barrier.

Third, day care is very expensive. The annual cost of day care in Massachusetts will exceed $3,000 per child in the next fiscal year. And for a child with special needs or for infant or toddler care at a day care center the cost can be as high as $5,000.

This year, our average caseload for people being assisted with day care will be approximately 7,500 children per month.

So before I turn it over to Ronnie, let me just say ET would not be the success we think it has become without day care. And as Congress debates work and welfare legislation in the months ahead, we hope that the committees will keep day care and the resources needed to pay for it at the top of the agenda.

Thank you.

[Prepared statement of Tom Glynn follows:]

PREPARED STATEMENT OF THOMAS P. GLYNN III, DEPUTY COMMISSIONER, MASSACHUSETTS DEPARTMENT OF PUBLIC WELFARE

Mr. Chairman, members of the Committee, thank you for allowing me to testify today on the role day care plays in the success of the Massachusetts Employment and Training Choices program, or ET. I can summarize the importance of day care to our program in a single phrase: without it, ET would not work. It's that simple.

ET Choices, which began in October, 1983, is an employment, skills training, and education program for public assistance recipients. ET participants are free to choose a component that is right for them -- direct job placement assistance for the most job-ready or education, skills training, or supported work for those without the skills they need to find stable employment paying the wages necessary for them to become self-sufficient. Equally important, ET offers all participants

day care and reimbursement for transportation costs. And for ET graduates, we provide transitional day care for a year after they find a job.

If program budgets reveal priorities, then you will see that day care is at the top of our list, with $27 million of ET's $57 million budget, or nearly half, dedicated to voucher day care. Why so much? I offer three reasons:

First, ET is a program for recipients of Aid to Families with Dependent Children. Of all our AFDC cases, 60% have at least one child under six. So, unless you want to design a program that ignores the majority of the welfare caseload, you have no choice but to provide day care. Unfortunately, too many programs have been unwilling or unable to make the financial commitment to day care. But it's a terrible and costly mistake because young single parents with very young children are precisely the ones states must try to reach if they hope to have any real effect on welfare dependency. If you effectively refuse to serve these parents until their youngest child reaches school age, research on the dynamics of welfare and our own experience tell us that you are missing a terrific opportunity to help them before they become long term welfare recipients.

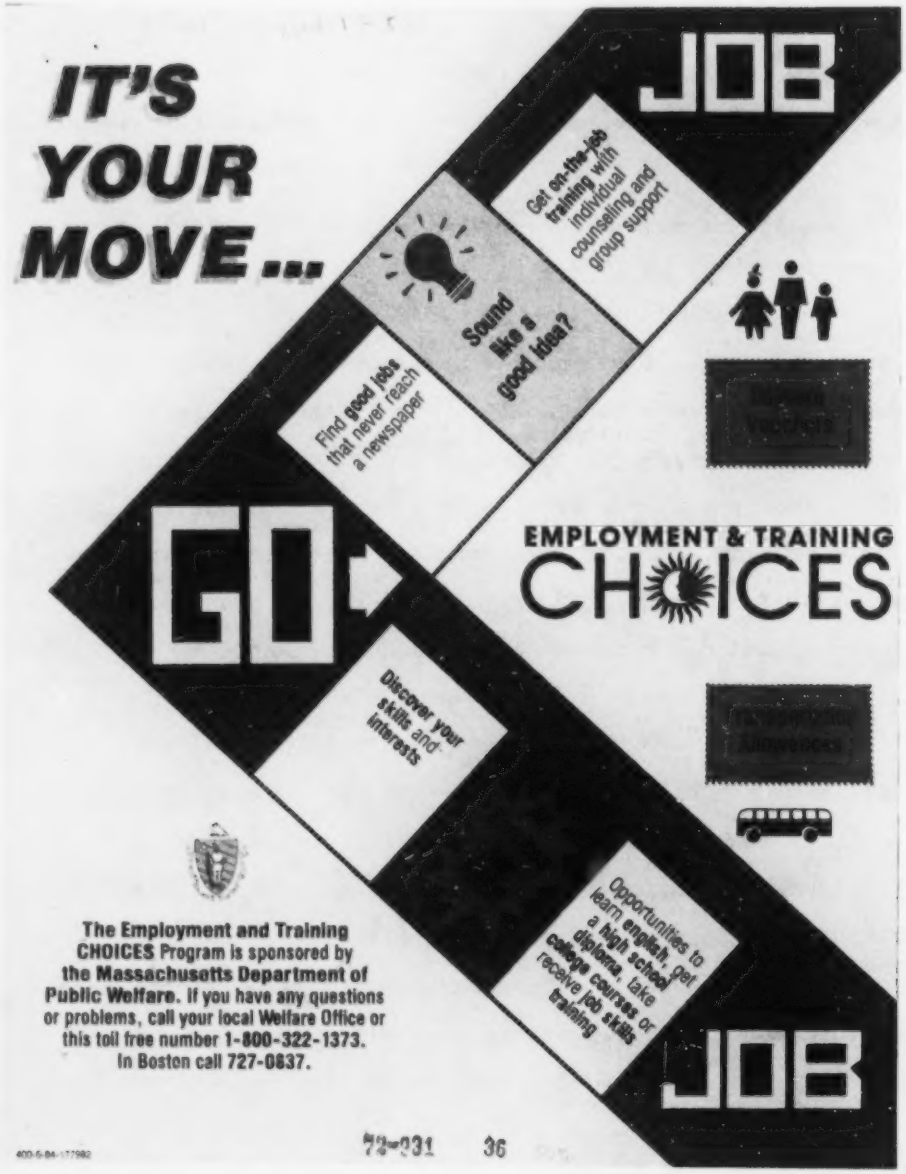
So, while we don't require parents with children under six to participate in ET, we do encourage them through an extensive marketing effort, including direct mail, welfare office posters, and job fairs. One of the major themes of our marketing capmpaigns is the availability of day care. As a result, 41% of ET's participants have at least one child under six, up from 18% when the program first began.

The second reason day care dominates the ET budget is that we continue day care for a year after an ET participant finds a job. We have learned the hard way that day care is essential in order for clients to remain self-sufficient after they begin working. A 1986 survey of ET graduates revealed that, of those who were no longer working, the largest single reason reported (36%) was problems with day care. In order to overcome these problems, ET provides voucher day care for the first year of employment and after this first year, graduates are provided day care services through the state's contracted care system. This year, $10 million of our total $27 million investment in day care will go toward transitional day care. We know that transitional day care pays off -- so far, 86% of ET participants who go off welfare, are still off welfare one year later.

The third reason that day care plays such a large role in the budget is obvious -- day care is very expensive. The annual cost of day care in Massachusetts will exceed $3,000 per child in the next fiscal year, and for a child with special needs or for infant or toddler care at a day care center, the cost can be as high as $5,000 annually. This year, our average caseload will be approximately 7500 children per month.

There is little doubt that voucher day care is an expensive investment, but there is also little doubt that it is an investment that pays off. Since ET began, the AFDC caseload has declined some 4.4% and more important, the number of families who have been on AFDC for five years or more has declined 25%. We saved $122 million in 1986 alone net of all program costs through ET, and day care has played an important part in realizing these savings.

ET would not be the success we think it is without this substantial commitment to day care. As Congress debates work and welfare legislation in the months ahead, I hope this Committee will help keep day care, and the resources needed to pay for it, at the top of the agenda. Otherwise, I very much doubt that the high expectations many of us have for real progress against welfare dependency will ever be met.


IT'S YOUR MOVE...
JOB
Get on-the-job training with individual counseling and group support
Sound like a good idea?
Find good jobs that never reach a newspaper
GO
EMPLOYMENT & TRAINING
CHOICES
Discover your skills and interests
Opportunities to learn english, get a high school diploma, take college courses or receive job skills training
JOB
The Employment and Training CHOICES Program is sponsored by the Massachusetts Department of Public Welfare. If you have any questions or problems, call your local Welfare Office or this toll free number 1-800-322-1373. In Boston call 727-0837.
72-231 36

# EMPLOYMENT AND TRAINING CHOICES

COMMONWEALTH OF MASSACHUSETTS
MICHAEL S. DUKAKIS, GOVERNOR

## BACKGROUND

- Employment and Training Choices is Massachusetts' employment program for people on public assistance.
- The program is known as ET.
- ET began in October of 1983.

## ET RESULTS

- More than 30,000 welfare recipients and applicants have obtained full or part-time jobs through ET (in addition to 600 clients a month who get jobs on their own).
- Massachusetts' welfare caseload has declined more than 4% -- from 88,500 in October, 1983 to 84,700 in January, 1987, despite the fact that welfare benefits have increased 32% since 1983.
- Over the last 4 years, welfare caseloads in the nation's 12 largest welfare states have increased an average of 6%.
- The average starting salary for full-time ET placements is $12,000 per year, more than twice the average yearly welfare grant of $5,600 per year.
- All the jobs are unsubsidized (80% are in the private sector) and over two-thirds of the jobs provide health insurance.
- Of the people who go off welfare through ET, 86% are still off welfare one year later.
- After deducting the cost of the program, ET will save an estimated $107 million in 1986 in reduced welfare benefits and new revenues from Social Security contributions and income and sales taxes.

## ET PROGRAM

- ET participants may choose:
  - assessment and career counseling
  - education and skills training
  - on-the-job training through Supported Work
  - job placement through the Division of Employment Security
- Daycare and transportation allowances are available to all ET participants.

## ET EMPLOYERS

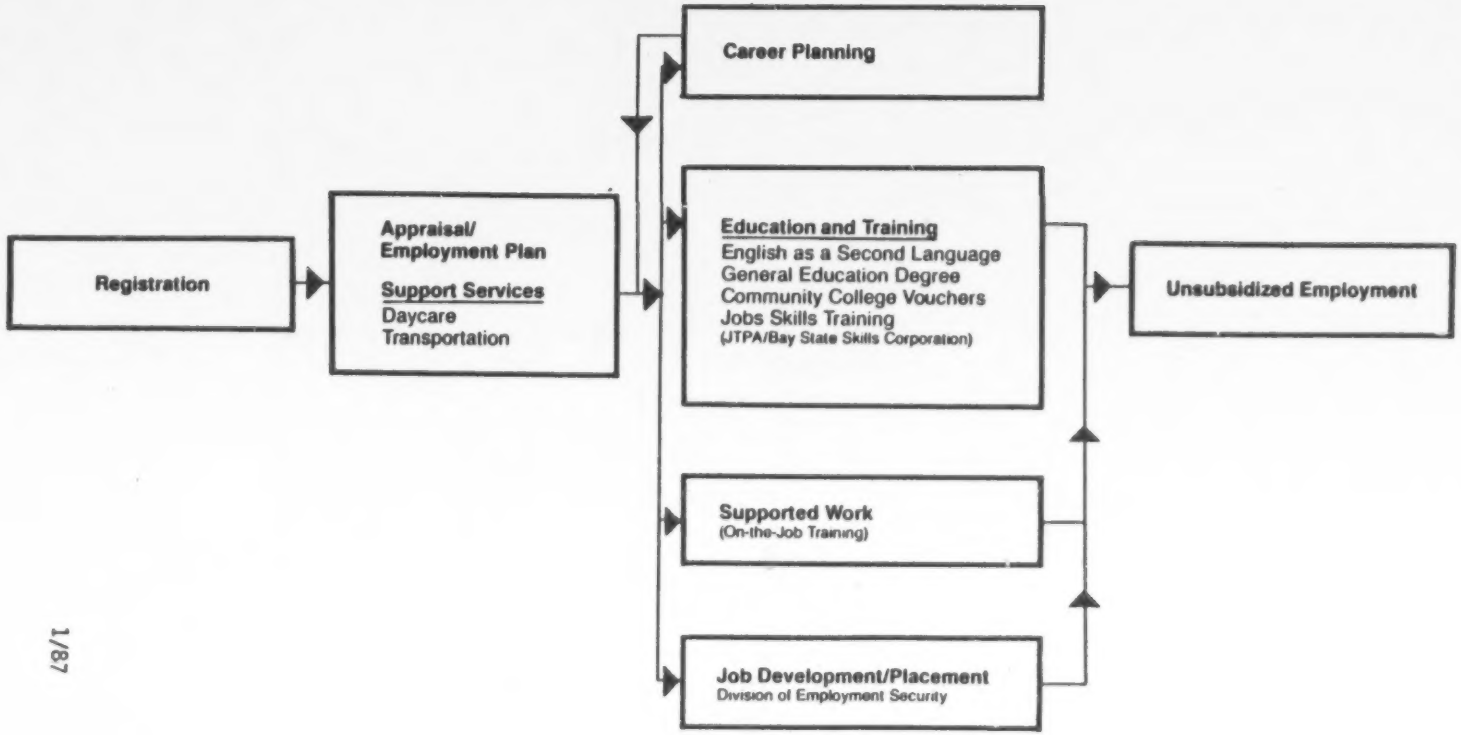
- More than 8,000 Massachusetts firms have hired ET graduates.
- Employers have stated that the ET graduates they have hired are exceptionally well-trained and highly motivated.

January, 1987

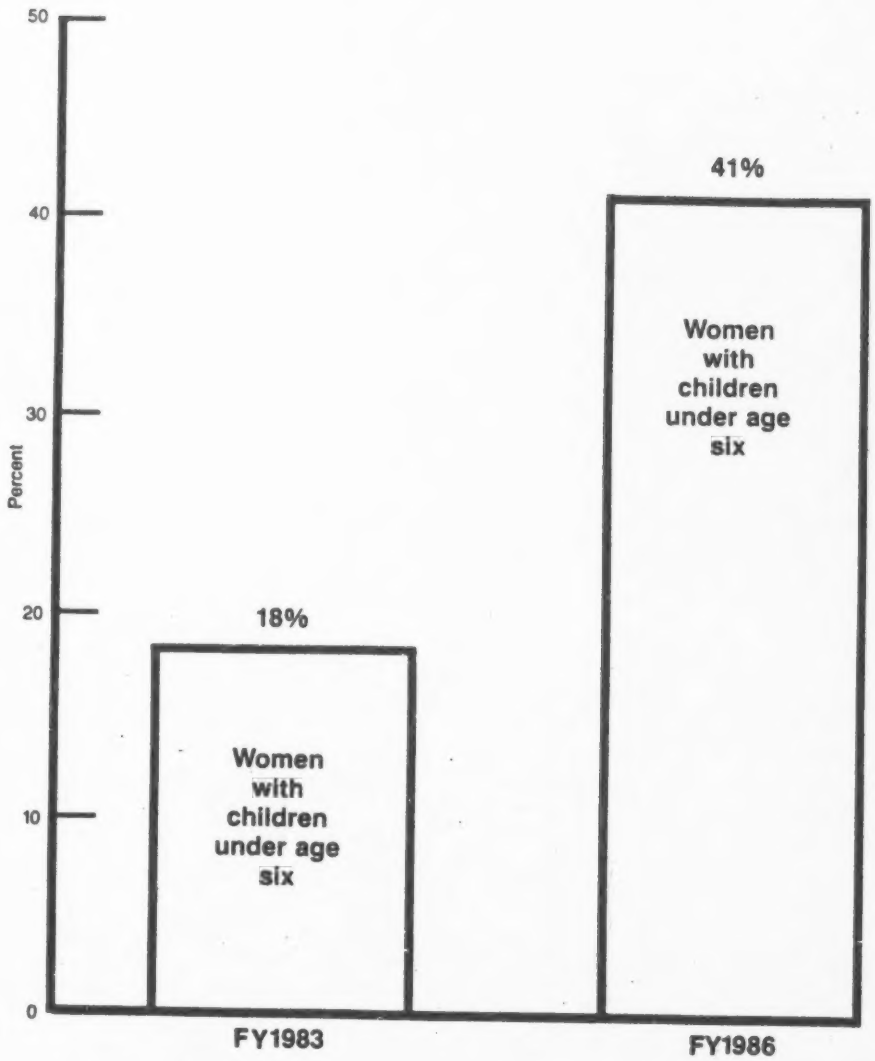
# FIVE YEAR PROGRAM GOALS

- Place 50,000 Welfare Recipients into Jobs
- Reduce Welfare Dependency
- Save $150 Million in Welfare Benefits

# ET CHOICES FLOW CHART



# ET PARTICIPANTS




Figures for first 3 months of FY84 (Oct.–Dec. 1983) and first 6 months of FY 87 (July 1, 1986 through Dec 31, 1986).

1/87

Chairman MILLER. Ronnie.

## STATEMENT OF RONNIE SANDERS, DIRECTOR OF VOUCHER DAY CARE, DEPARTMENT OF SOCIAL SERVICES, COMMONWEALTH OF MASSACHUSETTS

Ms. SANDERS. Thank you, Chairman Miller, and Members of the Committee for this opportunity. It's a pleasure to talk to you today about the day care component of the ET Choices Program.

As you may know, Massachusetts is a leader in the day care field. There's been a 38 percent increase in the day care budget over the last three years.

During this fiscal year, Massachusetts will spend more than $100 million on two systems of subsidized day care. Of that, $74 million will be spent on contracted day care to purchase day care from family day care systems and center-based providers.

The contracted system provides care for approximately 17,000 children. It helps low income working parents and subsidizes the care of children with protective, preventive and special needs.

The remainder of the child care budget, or about a quarter of the budget, $27 million, is used to provide voucher day care for approximately 8,000 children whose parents are participating in the Department of Public Welfare ET Choices Program or who have graduated from this program and are now working.

### ADMINISTRATION OF THE VOUCHER DAY CARE PROGRAM

The Massachusetts Voucher Day Care Program is set up to complement the existing contracted day care system, not to replace it. Because of its relationship to contracted day care, the Welfare Department has transferred the responsibility to administer the program to the Department of Social Services, the same agency that administers contracted day care.

Voucher Day Care can be administered in one of two ways. Either through area-based local state offices or through local contracted agencies. DSS has elected to administer its voucher program through 10 local contracted vendors across the state called Voucher Management Agencies.

These agencies have three functions. For consumers, they provide services such as intake, information and referral, fee assessment and followup. Services to providers include recruitment and development of providers in resource-poor areas, and training and technical assistance for providers. The third function of a Voucher Management Agency is to reimburse providers for services rendered during the prior fiscal month.

### VOUCHER DAY CARE—THE PERFECT SYSTEM FOR ET PARTICIPANTS

Voucher Day Care has proved to be the perfect system for ET participants. Prior to the ET Choices Program, Voucher Day Care was offered on a limited basis and only in certain geographic areas.

However, when ET began, there was dramatic expansion in the availability of voucher day care. The Voucher Program adheres to the same philosophies as ET Choices in that consumers have to choose, many for the first time, the type of care that is best for their children.

The voucher subsidy is also much more flexible than contracted day care. Participants can shop around and use the voucher with the day care provider of their choice. If parents need to alter day care, they simply can choose another provider.

Vouchers can also be used at independent day care providers unlike contracted day care. This has greatly increased the supply of resources. There are now over 1,500 day care facilities available to voucher participants in the State of Massachusetts.

Vouchers also allow for quick access to an available child care slot. For the parent who is entering an education or training program or starting a job a week from Monday, this is critical.

But the state also benefits from Voucher Day Care. The cost of providing a contracted slot can be as high as $4,300 a year, that's an average number, compared to $3,200 a year for a voucher slot.

This difference is primarily due to the Voucher Program's heavy reliance on independent family day care providers which is the major source for providing infant and toddler care.

As Tom said, the transition to contracted day care which is, again, Massachusetts primary source of day care and is a longer te n subsidy, is critical for these families. ET participants receive oucher subsidy for the time that they're participating in the ac- vity and 12 months after they start a job.

If a parent is unable to access a contracted slot at the end of that time, depending on the circumstances, a parent may be allowed to continue on the voucher subsidy.

The commitment to continuity of care is critical, though, for these families' ability to successfully get off and stay off of welfare. For the welfare client who is making the transition between welfare and work, losing child care benefits, as some of the other members of the panel indicated, will most likely result in the loss of one's job.

Just to illustrate by example, even though you have heard a couple, it might be helpful to look at one of our voucher families.

In Lawrence, Massachusetts—a single parent with one child who has a pre-school child—this woman got off of welfare seven months ago and is now working as a secretary. Her annual salary is $12,400 a year. Her cost of day care is $4,400 a year.

She pays $18 per week on the voucher sliding fee scale system which is the same system used by the contracted day care system.

If this woman were not receiving day care, her total cost of day care would be about 37 percent of her income. Most economists say that parents can afford to pay no more than 10 to 15 percent of their income for day care. Clearly, she would not be able to afford day care and keep her job.

### SUPPLY AND DEMAND FOR DAY CARE RESOURCES

As in the rest of the country, the demand for private and state subsidized care in Massachusetts well exceeds the supply. Even though we have doubled the available voucher resources over the past couple of years, there still is a critical lack of infant and toddler resources.

We plan on addressing this in two ways. First, we plan on increasing the rates for providers who are willing to take infants and

toddlers. And second, because of our unique structure of voucher management agencies, they will be given the responsibility of doing additional resource development in specific geographic areas around the state.

There are a couple of other areas that have presented resource problems to us because of the terrific growth in the voucher system.

First, someone, as Mr. Miller mentioned in his opening remarks, who cares for sick children. School age care and flextime care are also areas we have targeted for additional resource development.

Child care is important for all working parents. So it should come as no surprise that $27 million of this years $57 million ET Choices budget will be spent on child care.

Our experience has shown us that in order for a welfare recipient with young children to participate in employment and training opportunities, child care must be offered.

Child care subsidy makes the difference between someone getting off of welfare and staying off of welfare and someone who has no place to leave her kids but would very much like to be off of welfare dependency.

It's as simple as this. When child care support is offered, women with young children are able to participate in the ET Choices Program. While clients with kids under the age of 6 do not have to participate in the program, the number of ET participants with kids under the age of 6 is now 41 percent.

This is up from 18 percent, the figure when the ET Program started just three years ago. This is what's possible when day care is provided.

People are participating in ET because training and educational opportunities are good and because day care is provided.

Thank you.

Chairman MILLER. Thank you.

[Prepared statement of Ronnie Sanders follows:]

## Prepared Statement of Ronnie C. Sanders, Director of Voucher Day Care Program, Massachusetts Department of Social Services

Thank you Chairman Miller for this opportunity. It is a pleasure to talk to you about the day care component of the ET/CHOICES Program. My name is Ronnie Sanders and I am the Director of the Voucher Day Care Program for the Commonwealth of Massachusetts. Voucher day care is the major support service for the ET Program and, as Tom indicated, critical for clients who want to move off of welfare.

As you may know, Massachusetts is a leader in the day care field -- both in the amount of state funds targeted to support families, and in policy and program initiatives. During this fiscal year, Massachusetts will spend more than $100M on two systems of subsidized child care. About $74M will be spent on contracted day care to purchase child care from family day care systems and center-based providers. The contracted system provides care for approximately 17,000 children --- to help low-income working parents and to subsidize the care of children with protective, preventive, or special needs.

The remainder of the child care budget, about $27M, is used to provide voucher day care for approximately 8,000 children whose parents are participating in the Department of Public Welfare Employment and Training Program or who have graduated from this program and are now working.

Administration of Voucher Day Care

In Massachusetts, we believe that voucher day care is an important and critical complement to the contracted child care system. Because of this relationship to the contracted day care system the Welfare Department has transferred the responsibility for administering the voucher program to the Department of Social Services -- the same agency that administers contracted day care. All funds are appropriated to the Welfare Department and transferred on a quarterly basis to the Department of Social Services.

Voucher day care can be administered through either area-based local state offices, or through local contracted agencies. The Department of Social Services elected to administer its voucher program through ten contracted vendors across the state called Voucher Management Agencies. These agencies provide services to consumers (intake, information and referral, fee assessment, and follow-up); services to providers (recruitment and development of providers in resource-poor areas, training, and technical assistance); and reimbursement to providers for services rendered during the prior fiscal month.

Voucher Day Care - The Perfect System for ET Participants

Prior to ET/CHOICES Program, voucher day care was offered on a limited basis and only in certain geographic areas. However, with the beginnings of ET in October of 1983, there was a dramatic expansion in the program. It proved to be the perfect system for ET participants -- the voucher program adheres to the same philosophy as ET/CHOICES in that consumers have to choose, many for the first time, the type of care that is best for their children. The voucher subsidy is also much more flexible than contracted day care -- ET participants can shop around and use the voucher with a day care provider of their

choice. If parents need to alter day care arrangements, they can simply choose another provider.

Additionally, parents can choose between family day care systems, center-based facilities, and independent family day care homes. Since the voucher system reimburses independent family day care providers, the total supply of available state subsidized child care has been greatly increased which has likewise expanded the number of choices available to ET participants.

In addition to supporting the ET/CHOICES philosophy of consumer choice, voucher day care allows for quick access to an available child care slot. For the parent who is entering an education or training activity, or starting a job a week from Monday, this quick access to day care is particularly critical. In comparison, the average wait for a contracted day care slot can be six to nine months.

The state also benefits from the voucher program. The costs of providing contracted day care can be as high as $4,300 compared to $3,200 per year for a voucher slot. This difference is due to the voucher program's heavy reliance on family day care for infants and toddlers, which often costs substantially higher in center-based facilities.

The Transition Period - From Welfare to Independence

The transition to contracted day care, a longer term subsidy, is critical for these families. ET participants receive a voucher subsidy for the entire time they participate in an ET component activity plus twelve months after they start a job. If a parent is unable to access a contracted slot at the end of this twelve month period, depending on the circumstances, the parent may be allowed to continue on the voucher subsidy.

The commitment to continuity of care is critical to a client's ability to successfully get off and stay off of welfare. We have found that a parent is most likely to be at risk of failing at a job during the period between three and six months after employment begins. When child care arrangements break down, it is difficult for all parents, regardless of income status. But for the welfare client who is making the transition between welfare and work losing child care benefits or experiencing a disruption in normal care arrangements will most likely result in the loss of one's job.

To illustrate by example, it would be helpful to look at one of our voucher families -- a single parent in Lawrence, Massachusetts with one child who is a pre-schooler. This woman got off of welfare seven months ago and is working as a secretary. Her annual salary is $12,400 per year, which is about the average for a graduate of the ET Program. The cost for care at her day care center is $4,400, of which she pays $18.00 per week, based on the sliding fee scale that both the voucher and contracted systems use. If this woman was not receiving any subsidy, she would have to pay the full cost of care which would be about 36% of her gross income. Human resource analysts and economists estimate that the most parents can afford to spend on child care is about 10 to 15% of their gross income. Continuing the subsidy for at least twelve months after an ET participant gets a job is the key to staying off of welfare.

Supply and Demand for Day Care Resources

As in the rest of the country, the demand for private and state subsidized care in Massachusetts well exceeds the supply. Because of the tremendous growth in the voucher program over the past three years the number of day care resources has more than doubled. However,

there still remains a critical lack of infant and toddler resources. In order to address this issue we are looking to increase rates for providers serving this population and heighten voucher management agencies' resource development activities.

Other types of care that present resource problems include school-age care, sick child care, and flex-time care. Because one of the functions of the voucher management agencies is to develop new resources, we have the flexibility to target funds to specific geographic areas, to address each of these resource problems.

The following chart indicates the number of children served by provider type at the end of January 1987.

| | # of Providers | # of Children |
|---|---|---|
| Independent Family Day Care | 719 | 1038 |
| Family Day Care Systems * | 61 | 981 |
| Center-Based Facilities | 725 | 5520 |
| | 1505 | 7539 |

* There are at least 10 homes per system.

Conclusion

Child care is important for all working parents. It should come as no surprise that $27M of this year's $57M ET/CHOICES budget is being spent on child care. Our experience has shown that in order for a welfare recipient with young children to participate in employment and training opportunities child care must be offered as a family support. The child care subsidy makes the difference between someone getting off and staying off of welfare and someone who has the desire to decrease welfare dependency, but has no place to leave her kids while she's working or receiving job training. It is as simple as

this. When child care support is offered, women with young children are able to participate in ET/CHOICES.

This is evidenced by the following statistics. In 1984, at the start of the ET Program, only 18% of all ET participants had children under the age of six. Just three years later with the availability of additional voucher funds and day care resources nearly 41% of all ET participants have children under the age of six.

People are participating in ET/CHOICES because the training and educational opportunities are good, and because child care is provided. Without child care assistance it just wouldn't be possible.

Thank you.

Chairman MILLER. Ms. Miles?

**STATEMENT OF SUE MILES, COORDINATOR AND INSTRUCTOR, EARLY CHILDHOOD PROGRAM, WAUBONSEE COLLEGE, SUGAR GROVE, IL**

Ms. MILES. Thank you, Chairman Miller, distinguished Members of the Committee, and ladies and gentlemen who have cared enough this morning to come to these testimonies.

My name is Sue Miles from Sugar Grove, Illinois, in the 14th Congressional District of the State of Illinois. I am an instructor of child development at Waubonsee Community College, and I am responsible, at that same time, for advising and overseeing two day care centers on campus.

Since 1972, our enrollment at our Sugar Grove campus has grown from 42 children to the present number of 115 children. We presently serve children from the ages of 16 months to 6 years with an annual budget of $99,000.

What I would like to do this morning, as I go through the information which is very similar to your opening statement, your summary of information, I would like to underscore certain important points that I would like you to consider.

The first important point that I would like to underscore is this. Parents whose children attend our center are able to seek training for job skills as well as employment due to the care our center provides.

It's the training for job skills and the care so that they can work that we are trying to accomplish.

It's the Title 20 funding allowing matching funds that we have received from United Way that helps both parents of single status and intact family status leave their children at our center.

The money that parents earn, I think it's important for you to know, is no longer for luxuries but for basic costs as you talked about in your summary.

As you also know, society is changing. We are now in the technological age. Therefore, the parents need to come back to school for retraining and they need money to do so along with the child care.

When the child care is provided, especially on a full day basis that matches working schedules, stumbling blocks for education and employment are removed. In the job market, the research clearly shows that child care reduces for employees absenteeism, position turnover, and parental anxiety.

At the same time that I talk about this, I would also like to talk briefly about day care.

Day care has now definitely moved out of the dark ages. It is no longer a dumping ground for children. The results of quality child care have been reported to you previously by David Weikart who has done some longitudinal studies on children over the past 20 years.

The most important thing for you to remember today is not only that day care helps the parent in today's world but in tomorrow's society because Weikart's research has clearly shown that children who have been in quality child care programs (By "quality child care," I mean programs that offer key experiences for both educa-

tional training and emotional care.) do much better as teen agers and members of society.

After 20 years, acts of delinquency have been reduced, and one program estimated that every $1 invested led to a return of $4.75 in savings in lower special education costs, lower welfare costs and higher productivity as children mature.

Another point that I would like to make this morning is that I am able to see children of different socioeconomic groups mixed together in our day care centers. Children learn that not all other children have the same things as they have in their homes.

Racial bias is curbed because of our socioeconomic mix. We have working parents and parents on welfare, parents with no support at all.

And so I would just like to say that we need this through the offering of a sliding scale.

Children are young and vulnerable and they have a great deal to learn. We need to model for them for what we want them to do in our future society.

When we reduce stress in the homes, then children notice this and they grow into adults who will have reduced stress in their homes. That cuts down on the prisons that we have to build.

You mentioned earlier in your summary that we should stop giving lip service to child care. That is what I am here this morning to ask you to help us do. Quality child care can help America's children grow into adults that will keep the country strong and drug free.

I urge you this morning to help our country by helping today's parents as well as our future children—as our future citizens: young children.

Thank you.

Chairman MILLER. Thank you very much and thank you to all the members of the panel.

[Prepared statement of Sue Miles follows:]

## Prepared Statement of Sue Miles, Sugar Grove, IL

Chairman, Distinguished Members of the Committee, Ladies and Gentlemen:

My name is Sue Miles from Sugar Grove, Illinois in the fourteenth Congressional District of the State of Illinois. I am appearing here on behalf of Congressman Hastert who represents that district.

I am an instructor of child development at Waubonsee Community College and I am responsible for advising and overseeing two on campus, child care centers. Since 1972 our enrollment at the Sugar Grove campus center has grown from 42 children to the present number of 115 children. The center presently serves children from the ages of 15 months to 6 years with an annual budget of $99,000.

Parents whose children attend our center are able to seek training for job skills as well as employment due to the care our center provides. Your Title XX funding, along with matching United Way dollars, helps parents of both single and intact family status. Many low income and single parent families are eligible to receive free or low cost care for their children in an educationally and emotionally sound environment, while these parents earn money. This money is usually for basic living costs as opposed to luxuries.

Child care is not a luxury in today's world. Society is changing rapidly and new skills are demanded for employment in a technological age. When child care is provided, especially on a full day basis that matches working schedules for adults, stumbling blocks for education and employment are removed. Education and employment leads to reduced welfare and the promotion of adult self-sufficiency. In the job market research clearly shows that child care reduces - for employees - absenteeism, position turnover and parental anxiety.

Day care has now moved out of the dark ages. The results of quality child care also benefit young children as new research by Weikart and others (1984) has proven. Quality programs have shown these results after twenty years in Weikart's studies. The programs have led to teenagers who more frequently complete high school and attend college. Acts of delinquency have been reduced and "one program estimated that every $1 invested led to a return of $4.75 in savings as a result of lower special education costs, lower welfare costs, and higher worker productivity as the children matured." (Weikart, 1983).

We need child care programs that support families and offer quality instruction. We need a socioeconomic mix so that people from all backgrounds will better learn to understand each other. This can only be accomplished through the offering of a sliding fee. Day care centers also need adequate compensation for staff. This takes your support.

Children are young, vulnerable and have a great deal to learn. Parents need employment in order to provide a less stressful environment for children. All need the support of legislation to help children model appropriate behavior that the children can then exhibit when they become adults.

Those of us in child care, especially from the National Association of Young Children (and there are many of us), ask you who play a large part in making the rules for society to take a close look at what quality child care provides. We ask you to understand that providing quality child care can help give more than lip service to creating a safe and drug free society.

Quality child care can help America's young children grow into adults who will keep the country strong. I urge you, this morning to help our country by helping <u>today's parents</u> as well as our future citizens - <u>young children</u>.

Thank you!

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Chairman MILLER. Annie, let me, if I might, just ask you who takes care of your other two children now? They're school age, right?

Ms. BRIDGERS. Yes.

Chairman MILLER. Now, what happens to them from the time they leave school until the time that you come home from work?

Ms. BRIDGERS. Well, my 12-year old watches the six-year old. When they come home from school, she knows what she's supposed to do. And, you know, it's a couple of hours before I'm home.

Chairman MILLER. So they're in your house alone until that time. Do they go out and play?

Ms. BRIDGERS. No. She knows when they come in they do their homework or fix some snacks, and clean their room, or whatever she needs to do. By that time, I'm home.

Chairman MILLER. You currently, as I understand it, receive child care that costs you about $45 a month. Is that right?

Ms. BRIDGERS. Yes. That's the price they charge, $45 a week.

Chairman MILLER. Okay. And in the Lawrence case, a woman there was paying—she's paying what?

Ms. SANDERS. She's paying $18 a week.

Chairman MILLER. So she's paying around $1,000 a year.

Ms. SANDERS. That's right.

Chairman Miller. And for that $1,000 a year, she is earning?

Ms. SANDERS. Her income is $12,400.

Chairman MILLER. What would the cost to that woman be if she didn't have child care?

Ms. SANDERS. $4,400.

Chairman MILLER. Compared to the cost of child care, what would the cost to the state be if she went back on AFDC?

Ms. SANDERS. About $9,000.

Chairman MILLER. About $9,000. And Annie, in your case, AFDC would be what? Around $500 a month?

Ms. SANDERS. $440.

Chairman MILLER. $440 a month? So we would inherit that instead of—and plus whatever your rent subsidy is. Terry, what do you estimate to be the value of child care in terms of dollars spent and the time you've gone to school?

Ms. MANIKER. Well, I have never received welfare. So I suppose that amount times——

Chairman MILLER. But have you received subsidized placement for your child while you were in school or did you pay full cost out of your own pocket?

Ms. MANIKER. The Wisconsin system, which I utilized nearly seven years ago, at that time had an "approved day care center" system whereby centers were paid directly by the Social Services Agency.

Chairman MILLER. While you were going to school.

Ms. MANIKER. Correct.

Chairman MILLER. But that was the only cost incurred by the Public Assistance system for your education, is what you're saying?

Ms. MANIKER. Yes. I was legally entitled to (conservatively) $30,000–$75,000 in aggregate welfare benefits. However, the federal government spent only $1–2,000 because by subsidizing Lisa's day care, I was able both to study and obtain employment.

Chairman MILLER. And the same is true with respect to graduate school or does graduate school come out of your earnings, the day care for your graduate school experience?

Ms. MANIKER. I'm not certain what you're asking.

Chairman MILLER. Well, right now, you're going to law school.

Ms. MANIKER. Yes.

Chairman MILLER. Is your child care for that time partially subsidized?

Ms. MANIKER. No. As I stated in my testimony, single parents seeking gradu ite degrees are ineligible for day care subsidies.

Chairman MILLER. Well, just on the face of it for the three cases here, the one that's mentioned in Lawrence, Massachusetts, and Annie's and yours, Terry, it appears that we're receiving somewhat of a bargain in allowing you to develop your skills, in your case to become a lawyer, and in Annie's case, a secretary.

And we're getting back individuals who in time are going to be self-sufficient. And in Annie's case, with child care being on a sliding scale, as you earn more you're going to end up having to pay more as is the woman in Lawrence, as I understand it.

So it seems to me the theory is here that at some point we're going to extricate ourselves from our involvement with these families should the system turn out to be successful.

How typical is that, in your experience with ET, in terms of the people that are coming to you? How typical is Annie in the sense that she was on Public Assistance with three children and now she's employed? Is that what you're finding you're able to do?

We read an awful lot about ET in terms of your heralded successes. And it obviously is one of the models that the Congress is looking at.

Ms. SANDERS. With the help of child care subsidy, 86 percent of the ET clients are still off the welfare caseload a year after they have started a job. And I think that is primarily due or largely because they're assisted by the child care subsidy.

Chairman MILLER. Now in the case of ET, the participants come to you voluntarily. Is that correct? In my state it's mandatory. But in Massachusetts, this is a voluntary program where they're offering this system of supports in exchange for training or employment or education, whatever the needs are.

Is that correct, Mr. Glynn?

Mr. GLYNN. Let me just make one modification. It is required that we have mandatory registration of all welfare recipients with some exceptions. One would be when children are under six.

So registration is mandatory. After registration, we then offer a variety of programs to both mandatory registrants and to volunteers. As Ronnie pointed out, interestingly enough, now 41 percent of the people participating in ET have kids under 6, which means under the Federal regulations, they are exempt.

But they are so desperate to get off welfare and go to work, they are willing to come to the ET program voluntarily and get day care assistance.

Chairman MILLER. Let me go to that point. With respect to the needs for infant care and care for very young children, there is some assumption made that we should make sure that child care is available to those individuals.

We now have the cut off at age 6. It has been proposed, I think, by the governors that it be age 3. But there's even obviously a suggestion that care should be provided for infants because in many cases these are individuals who are new to the Public Assistance system.

It's the birth of the child that has brought them into the Public Assistance system, and we should start working with them as soon as we possibly can.

So that if we wait until the children are 6 or the children are 3, we've lost 3 or 6 years in a sense of really offering them the services for self-sufficiency.

Are you finding that, or does that make sense to you as you view the system?

Mr. GLYNN. Yes. Just yesterday, the governor announced a $2 million training program and support program for pregnant and parenting teens. We wish we had done more of this earlier. But, finally, we have been able to make this a major focus.

So we think we're going to make a dent in helping those clients in cases where they are either pregnant for the first time or parenting teens. We've had good results already with people who have gone through Ronnie's system.

She can give you some of the statistics on the number of people who have gone through ET who have infants and who have been successful.

Ms. SANDERS. We do have a shortage of—resources and I'm working on that, as I mentioned before. Maybe about one-tenth of our caseload are now infants. And about a third—well, a third of the caseload in total is infants and toddlers.

And we are finding, as Tom pointed out, that those people who are on welfare the shortest amount of time will use day care for a couple of years, then use it for the 12 months after they've gotten a job, and move into the contracted system.

And, again, those are the folks who probably never thought they were going to end up on welfare, and find themselves in such a position so that they're eager and willing to use day care for the time that they need it and then get off of welfare.

Again, sometimes they will use voucher day care for longer than this 12 month period which is critical.

Chairman MILLER. In the voucher system, they contract with different delivery systems. But all those systems, are they licensed?

Ms. SANDERS. They're all licensed by the Office for Children. And they (VMAs) can contract with either Family Day Care Systems, which is an umbrella agency over a number of independent day care homes or they (voucher management agencies) can contract directly with independent family day care providers or center-based facilities.

Chairman MILLER. So what happens in the Family Day Care System? If what we think is traditionally true about the Family Day Care System, you have a lot of people providing child care that are unlicensed.

Do people come in to get licensed or do you have a major expansion of the system?

Ms. SANDERS. They're all licensed, yes. And people have signed on to join a system in order to be able to take voucher consumers.

Chairman MILLER. So it was the lure of resources within that system that caused people to come in and become licensed? Is that what you're saying?

Ms. SANDERS. That's part of what happens. In addition, in many areas of the state where there was not enough state subsidy or state money going to some particular rural area, a lot of day care providers cropped up in order to serve the particular population and receive state funds.

Chairman MILLER. Well, then, you didn't find that there was some notion that if you require licensing you're going to drive a lot of people underground?

Ms. SANDERS. We haven't found that.

Chairman MILLER. It's just the opposite because this is a system that has a stable means of financing.

Ms. SANDERS. It's just the opposite. Right. We've doubled the number of providers in the last three years. And most of that increase has been in the number of independent family day care providers who receive about $12 a day to care for infants and toddlers versus center-based care which is up to $30 a day for an infant or a toddler.

So it's also much more cost efficient for us to use the smaller independent homes for infants and toddlers.

Chairman MILLER. That's very interesting because that's a little bit contrary to some of the anecdotal stories you hear about what will happen if we provide monies through a system like this to family day care—that people will just drop out of the system.

Ms. SANDERS. No. We're not finding that. We're also finding that most of the parents are more comfortable leaving their young, young children, infants and toddlers, in family day care homes rather than in centers.

Chairman MILLER. One last question. And that is—you've said it now four or five times in your testimony—how much this component of the ET program is costing you. When we look down the road, the Federal Government obviously is interested in seeing programs like ET expanded to reach a greater number of people, and hopefully to get them to participate in our economic system in a self-sufficient manner.

What do you need from the Federal Government to make that happen.?

Mr. GLYNN. We've had pretty good luck in making the WIN Program work for us. However in the last few years, we have had to rely much more on state resources than federal dollars to build up our training system, in spite of the fact that the Federal Government saves more than the state does.

The Federal government gets half of the Medicaid saving and half of the AFDC saving—and 100 percent of the food stamp savings. So they actually save more money than the state does. And we are looking forward to the passage of some legislation, hopefully this year. Some combination of the various bills that are being discussed would help us make our program stable and grow into the future, because we have really taxed the state treasury.

Chairman MILLER. But in effect, you don't need a change in Federal law to make your program successful.

Mr. GLYNN. Right.

Chairman MILLER. You're doing this, obviously, already and have been doing it now for a couple of years. What you need are resources, is what you're saying, to reduce some of the hurdles for people to participate?

Mr. GLYNN. When we started the program, funding was maybe a third Federal and two-thirds state. And now it's probably 15 percent Federal and 85 percent state.

Ms. SANDERS. To add to that, the Voucher Program, over the last couple of years, has had about a 200 percent increase in resources allotted for it whereas the contracted day care system has had maybe about a 20 percent increase.

So to answer your question, I think much of the state funds are, going to the Voucher Program at this point whereas they ought to be probably more equally spread between the two types of day care.

Chairman MILLER. Mr. Coats?

Mr. COATS. Thank you, Mr. Chairman.

First of all, I want to congratulate both Annie and Terry for making a lot of courageous decisions and really, in the face of a lot of adversity, taking control of your situation and succeeding as well as you have.

Terry, I had some questions for you. You said you came from an upper middle class family and went from that situation to a complete poverty situation. This isn't exactly the subject of the hearing today, but child support ties in to all of this.

What was your child support situation and why was that not able to help in the situation, or maybe it was?

Ms. MANIKER. Court-ordered child support was minimal and I'm lucky when it's paid.

Mr. COATS. So you didn't feel it was adequate—that an adequate level was set by the court in the divorce proceeding, and there's been a problem with enforcement?

You've gone through the normal channels to try to prosecute the lack of enforcement?

Ms. MANIKER. I have been told by several attorneys that the cost of enforcing child support payments in our legal system often exceeds the amount of arrearages. In my cases, the arrearages are quite high, but until now I have had neither the time nor money to pursue an uncertain outcome. However, Montgomery County now has a program whereby for a $20 fee there is an interview, and then the rest of the child-support enforcement process is free of charge.

That is the route I am currently pursuing.

Mr. COATS. You are pursuing that——

Ms. MANIKER. Oh, yes.

Mr. COATS [continuing]. As an option? But has it been a seven-year time period here, the court-ordered child support?

Ms. MANIKER. Nearly.

Mr. COATS. But only now you're able to work through it?

Ms. MANIKER. Well, we have been back to court. It was just too expensive I had a choice between using what money I had to go to court and pay attorneys or to pay for my education.

Mr. COATS. But now that Montgomery has a system——

Ms. MANIKER. Correct. Now I'm going back because it's only a $20 initial fee. And then the court handles the rest of the proceeding.

Mr. COATS. And I had a question about your statement where you said you needed the subsidized day care and now, when you graduate from school, in order to continue on, did you mean to say that you needed subsidized day care because you need the extra hours of day care or because you still aren't in a position to be able to afford day care?

Ms. MANIKER. Well, while I'm studying for my bar I hope to receive some type of grant. I'm finding it hard to study for the bar, work several jobs and care for my family's needs simultaneously.

When I obtain employment—well, the point I was trying to make was that a lot of the D.C. firms require long workdays. I could not accept employment from those firms that offered me jobs because I must have a day care center that is open long hours. Unless a center is subsidized, it will usually be open only during conventional work hours.

Mr. COATS. So you were referring more to the hours of operation. Not the cost.

Ms. MANIKER. Correct. I won't need a monetary subsidy. Correct.

Mr. COATS. What about looking at other options. We've heard some of the other panelists talk about family day care and day care in the home, and a voucher system that allowed people to have those options.

Have you explored any of those?

Ms. MANIKER. Yes. And because I had a bad experience with women who are isolated and take in children with no checks and balances on them, I won't leave my daughter alone again with one person looking after her without anyone else looking in.

In a day care center there are checks and balances. The teachers usually work in pairs. There is a set curriculum. There is a program set up. There are snacks served, et cetera, et cetera.

Mr. COATS. What about relatives? Is that an option for you?

Ms. MANIKER. No. I have a wonderful, supportive family but unfortunately I live far from them.

Mr. COATS. Ms. Sanders, your experience is kind of the opposite of Terry's in terms of the family or the home care centers. You find most of your clients preferring in going to the home care.

What is your reaction to Terry's response on that question?

Ms. SANDERS. That's correct. We have lots of clients who have stated the exact same thing that Terry stated, about half and half in the numbers who will chose center based and choose family day care providers.

But those that are choosing family day care providers, some of them are in the more rural areas where there aren't center facilities.

Again, once you have a voucher in your hand you can shop around and select. Oftentimes what we'll have is a parent who will initially use a family day care home for an infant.

And when the infant is 2 to 2½ they will switch them to a center based facility.

Mr. COATS. For any particular reason or just because it's easier, or——

Ms. SANDERS. Oftentimes what the parent states is by the time the child is 3 that they're thinking more about kindergarten and a school setting. And that center-based facilities——

Mr. COATS. But not necessarily for safety reasons or protection reasons.

Ms. SANDERS. No.

Mr. COATS. On the vouchers, are they allowed to be used for relatives, family members?

Ms. SANDERS. No, they're not, unless the relative happens to be a licensed provider and takes in children other than their own or relatives' children.

Mr. COATS. So if a woman wanted to leave the child with her mother, say, her mother would have to go through the license process and become a licensed registered child care provider before she could use the voucher funds?

Ms. SANDERS. Right. Plus the mother would have to be residing in another location, not at the child's home.

Mr. COATS. Do you see that as a potential disincentive or a penalty to those—I mean, doesn't it seem that the most natural place to care for a child would be within the context of the family.

And if you had that situation that existed, why should that mother be penalized?

Ms. SANDERS. We do have a small amount of funds available through the Welfare Department for those cases where a parent cannot find any other type of day care for their kids and they will leave them with a relative who, again, is not residing in the same household and pay them sort of through baby sitting funds.

And that relative does not have to be licensed.

Mr. COATS. But that's the last option, right? That's not the first option. Wouldn't it be preferable? Here you have someone that's divorced. The logical thing, if it's available and I understand it wasn't available to Terry here, but the logical thing is you might move back with your parents.

You move back at least for a temporary period of time. And if you are seeking to enhance your education or your job skills, or your employment, wouldn't the most natural thing be to leave the child with a grandmother or the grandparents while you're in that transition period?

Ms. SANDERS. Yes, it is. But——

Mr. COATS. Shouldn't we encourage that?

Ms. MANIKER. Mr. Coats, most grandmas work nowadays.

Mr. COATS. Well, I'm not sure that's true. I don't know if the statistics bear that out that most grandmas work.

Mr. GLYNN. The way our system works, perhaps the most stunning statistic involve people who make arrangements on their own. We only pay 25% of ET participants. But it's up to them. If they want us to pay for child care, we're happy to do it.

So there are a large number of people participating in ET exactly in the situation which you were describing.

But they're doing it on their own. And if, for some reason, that system doesn't work or it falls apart, or the person who has been taking care of their child is no longer able to do it and they come to us, then we're happy to provide them with a voucher.

But 75 percent of them are solving their day care problems on their own.

Mr. COATS. I was just trying to come up with a way that there could be some incentive or some reward for those that take the initiative to solve those problems and keep the child within the context of the family, have it raised in an environment that they probably are much more comfortable with than someone down the street or even in a licensed child care facility.

We've heard testimony before this Committee that those aren't always in the best interest of the child either.

So I'm just wondering if you had explored that possibility and examined some of the options that are open there.

Let me ask you another question about infants. Is it wise, when we've had conflicting testimony as to whether or not, in the best interest of the child, it's good to place an infant in a situation outside the home, what considerations have you undertaken in Massachusetts on the question of infants and toddlers, at least those under 18 months or 12 months, or whatever?

Do you have some questions about whether or not it's good to encourage mothers, with very young children, to leave that child with a day care provider early on and get into the system?

Or would it be better to have an exemption up to a year, 18 months, or whatever? I understand your program is optional. But are you working toward one direction or the other?

Ms. SANDERS. No, we're not. We believe that when parents are given all the information that they need in order to make a choice, they'll select this—they'll make that choice on their own.

So we do not encourage them one way or the other on that.

Mr. COATS. Have you done any studies or taken advantage of any of the—have any of your consultants indicated one way or another? And Sue, I want to ask you the same question here.

It's much more expensive to care for infants. We know that.

Ms. SANDERS. That's right.

Mr. COATS. It's much harder to find providers, day care providers, who want to take care of infants. We have some testimony before the Committee, and it's conflicting, that it may not be in the best interest of the very, very young child to do so.

And I'm just wondering if your state or your systems have looked at that possibility and tried to look at options in terms of exempting that first year, two years, or whatever.

And we have to face that as we look at this welfare reform as to what we do with mothers with very young children.

Ms. SANDERS. Again, we leave that up to the individual mother to decide.

Chairman MILLER. Okay.

Will the gentleman yield?

What are your findings in terms of mothers with, say, children a year or younger? Are they coming into the program?

Ms. SANDERS. Are you speaking to me?

Chairman MILLER. Yes. Excuse me. Ms. Sanders.

Ms. SANDERS. Yes. They are coming into the program.

Chairman MILLER. So some mothers are making a decision that they want to go ahead with their training or their employment possibilities?

Ms. SANDERS. Oh, yes. And, again, as Tom said, we've had a number of specific programs and of counseling groups, on parenting skills for young parents addressing specifically that.

They are entering the program. They are moving through the program. We don't see that their success rate is any less or any different than those parents with preschoolers.

Chairman MILLER. Because I think in the Administration's proposal, the only exemption is mothers with children under six months. I think that's what's causing us some concern as to whether or not we want to make that mandatory or whether, as you say, you leave it up to people and they can either make the adjustment or they can't.

Mr. COATS. I've more than used my time unless, sir, you have a comment on that?

Mr. GLYNN. Could I have just one?

Mr. COATS. Sure.

Mr. GLYNN. On the question of whether there should be a minimum age in the welfare reform, I think that for mandatory programs, there's a lot of experience to suggest that the six-year-old cutoff is probably a good public policy.

We're in a different situation since we don't have a mandatory program, and we are providing the day care, transportation, and Medicaid to people who don't have health insurance after they go off welfare to a job, so that it may make more sense for people in our state who have younger kids than it would if they were in a state with a mandatory program and fewer support services and they had kids two, or three, or four year old.

So I'm not sure you can extrapolate from our experience to what is likely to be a mandatory program. I'm not sure it computes.

Mr. COATS. Thank you.

Chairman MILLER. Dr. Rowland?

Dr. ROWLAND. Thank you, Mr. Chairman. And thank all of you very much for being here and shedding light on this problem.

I have one question for Mr. Glynn.

The liability-insurance problem for day care centers nationwide, can you address that? Now how are you being affected in your state by that?

Mr. GLYNN. Ronnie can actually explain that better than I can.

Dr. ROWLAND. All right.

Ms. SANDERS. We now have liability insurance through a couple of larger insurance companies. The most major one in Massachusetts is Liberty Mutual Insurance that's providing liability insurance for the independent family day care providers.

The center-based providers have seen some astronomical increases in their liability insurance. For an independent family day care provider, it's about $400 a year.

Dr. ROWLAND. Well, that certainly adds a lot to the cost of the entire program and impacts adversely on everyone that is concerned. Is that not true?

Ms. SANDERS. Yes, it is true.

Dr. ROWLAND. Have you seen any change in it in the past year or is it about the same as it was a year or so ago?

Ms. SANDERS. We're finding that the situation has eased up, that there are more insurance companies now that are willing to insure both the smaller independent homes and the center facilities.

Dr. ROWLAND. Do you know of any suits that have been filed by parents in Massachusetts?

Ms. SANDERS. Not any recent ones.

Dr. ROWLAND. No recent ones. There were some in the past?

Ms. SANDERS. A number of years ago, but none concerning—voucher children.

Dr. ROWLAND. This was really a perceived problem rather than an actual problem then?

Ms. SANDERS. I think it ended up with a lot more media attention than in actuality.

Dr. ROWLAND. Thank you, Mr. Chairman.

Chairman MILLER. Mr. Hastert?

Mr. HASTERT. Thank you, Mr. Chairman.

It's an interesting array of witnesses that we have. I would like to center on, first of all, the people from Massachusetts.

Funding. How does the funding breakdown for your ET Program? Where does it come from?

Mr. GLYNN. For this fiscal year, which we are currently in and which in our state began last July 1, we will spend about $57 million total of which $30 million will be on employment, education and training activities, and $27 million will be on day care.

And of that total——

Mr. HASTERT. How much for day care, 27?

Mr. GLYNN. $27 million. And of that total this year probably around $6 million, maybe 7, would be from the Federal Government and the balance would be from the state.

Mr. HASTERT. That comes out of your general fund?

Mr. GLYNN. That's correct.

Mr. HASTERT. Okay.

Sue, you were talking about, in your Community College program, that you use Title 10——

Ms. MILES. Title 20.

Mr. HASTERT. Title 20. How does that fit in? Does that come to the school and then go in the program? How do you get those monies?

Ms. MILES. The Government has a representative——

Mr. HASTERT. Which government, the Federal Government?

Ms. MILES. The Federal Government. Yes.

Mr. HASTERT. Okay.

Ms. MILES. It has a representative in our area that gives us so many Title 20 slots based on the number of low-income children that he feels we will need to serve. And so we applied for that Title 20 funding and we happen to be under the umbrella that calls for matching funds.

And so that's why we were able to obtain United Way monies to match the Title 20 funds.

Mr. HASTERT. So is that your sole means of funding Title 20 and funds from the private sector?

Ms. MILES. For low income children. But we also have people who pay tuition.

Mr. HASTERT. What's the average tuition?

Ms. MILES. $12 a day.
Mr. HASTERT. $12 a day.
Ms. MILES. Yes.
Mr. HASTERT. And so that would do—does that money subsidize any other program or is that just the cost per child?
Ms. MILES. That's the cost per child. But we do have the food program which helps pay for hot lunches for the children.
Mr. HASTERT. What's the food program?
Ms. MILES. It's another federal program that we receive.
Mr. HASTERT. Do you sort the children or is that for everybody?
Ms. MILES. That's for all of the children.
Mr. HASTERT. How much is that?
Ms. MILES. I don't have the figure with me.
Mr. HASTERT. Approximately.
Ms. MILES. It covers the cost of the meals that we serve the children.
Mr. HASTERT. So what do you feed—breakfast, snack, lunch?
Ms. MILES. We serve a breakfast, two snacks and a lunch as required by state law.
Mr. HASTERT. So that's what? Probably under $5, possibly $5.
Ms. MILES. Yes. I would say under $5. Yes.
Mr. HASTERT. Does the school, the Community College, underwrite any of that cost like your salary or somebody else's salary?
Ms. MILES. The college donates—actually the College does donate a great deal of money because they donate space that could be used for instructional purposes.
Mr. HASTERT. I beg your pardon?
Ms. MILES. They donate space that could be used for instructional purposes. And they pay all of the utilities, the cleaning services, telephone bills, that kind of thing.
And also, they donate $3,000 a year in cash to the program.
Mr. HASTERT. Is a function of your program just to provide day care or do you provide people in your program as a teaching experience for people to cycle out into other day care programs?
Ms. MILES. Our main function is actually to provide the day care setting for the children. But recently, we have added a separate program that is a nursery school type program. And we do charge—this is another ball of wax altogether—but we do charge additional money for this program because we provide science and math experiences for the young children that attend that.
And the equipment we're able to buy by charging this extra money, we move it into the low income area. And these children have the same experiences. Meanwhile, it provides additional monies for our center.
So we do have this multiple source of funding.
Mr. HASTERT. The mothers who bring their children there are basically mothers that are in training. Is that correct?
Ms. MILES. The largest number. But we have community people, which is how we are able to get United Way funding, and then we have these nursery school parents. I call them nursery school because they're two-hour a day, twice a day parents that bring their children for these educational experiences.
So we do have multiple programs going on within this one setting.

Mr. HASTERT. So we see two different types of federal funding here. Federal funding that goes directly into your program. Somebody that's a representative of the Federal Government is there providing the Title 20 funds.

Your federal funding flows into the state and then through the state, it flows back into those programs.

If you were to structure, in Massachusetts, what other role or additional role, or less active role would you see the Federal Government being involved in?

Mr. GLYNN. In the way our program works, at the moment, the Federal Government really doesn't have any role in the day care system for ET graduates. All of the money that we get from the Federal Government for day care goes for our contracted system which is available to a wide range of people in Massachusetts, not just ET graduates.

But for ET, all of the money which is spent on day care to keep people off welfare is state funded. The only federal money we get is on the employment training side, before participants become ET graduates. So we would like to see the Federal Government become more of a partner in helping to finance the day care costs of people as they're trying to get off welfare.

Mr. HASTERT. What do you project the cost of savings for the State of Massachusetts on taking just a number of people you had and moving them off of welfare into the self-support arena?

Mr. GLYNN. For last year, for calendar year '86, we figured that after you subtract the cost of the program the net savings for the state and Federal Government was over $100 million.

Chairman MILLER. Mr. Martinez?

Mr. MARTINEZ. Well, thank you, Mr. Chairman.

In listening, I've drawn a couple of conclusions. And I just want to go through them and then you interrupt me and correct me if I'm wrong in any one of them.

The program in Massachusetts really—goes back to what Mr. Coats was asking about earlier, about the need for and the situations that drives a person to come to your program rather than provide, in their own environment with their families, some situation.

In most cases, the people that come, you're trying to get off of welfare roles. Right? And those people generally are people that don't have anybody else to go to for any assistance or they wouldn't be on welfare or moving back in home with—well, maybe the parents that don't want them.

Maybe the parents can't handle that responsibility. Maybe the parents are that close to poverty themselves that they can't afford that responsibility.

And the thing is that if you have welfare recipients to begin with, you've screened those welfare recipients to make sure they're eligible for the welfare. Right?

And so that only the people, hopefully, that deserve it are getting it or need it. I take the word "deserve" out of that, but need it are getting it.

But likewise, from that, I can draw the conclusion that the people that are receiving the services of day care are those that need it. And you fully investigate a situation such as this young

lady's case where a person in her situation doesn't have anybody else to go to, or doesn't have any parent or person, a family person, that they can depend on for that purpose, and are actually needing the service. Right?

Ms. SANDERS. Right.

Mr. MARTINEZ. So that the program, as far as you see it, is working very well providing—for those that actually need it.

The situation that you have does not include, and let's say, training centers, day care provided at that training center.

Ms. SANDERS. We do have a couple of training sites that do have day care centers on site.

Mr. MARTINEZ. You know, there is such a tremendous need for day care. Let me tell you where I come from. I have 11 grandchildren. I have five married children and they all have children, and both parents work.

Chairman MILLER. You could have your own center.

Mr. MARTINEZ. That's what I was thinking about. [Laughter.]

And earlier, too, what Mr. Coats said about grandmothers. You know, those children's grandmother is a working grandmother. So it's impossible for them to depend on her for that care.

Occasionally she does in an emergency and forego her situation for the sake of one of the grandchildren because, of course, they come first.

But I understand that, you know, today, grandparents are a lot younger than they were many years ago. [Laughter.]

They aren't as old as Mr. Coats is. [Laughter.]

I can remember that it was a concept in people's minds that grandmothers were white haired old ladies sitting in a rocking chair at home knitting. And it is not true anymore.

Grandmothers are go go grandmothers today. You know. And that situation has changed. But because of that tremendous, tremendous need, I saw a situation which I was really impressed by in California, in San Jose, where the training center there provided day care. But they did it in this manner.

They provided day care for all those people that need day care and that can pay the full tariff because they have jobs that pay a reasonable standard of living to them and so they can afford that day care.

And they pay them—they charge them the full going rate. And then those that are in training pay nothing. And those that are placed from that training then pay an escalated scale. And I think someone referred to that situation where they pay one price now. And as they gain in their ability to earn, they then pay more as they go until they reach that full rate, what the rate is.

I thought that was terrific. You have nothing to the full rate and in between. And it takes care of it. And they've expanded their center, and they actually take people in, in reference to what Mr. Hastert referred to, people training to provide this service.

A part of their training is training—and what they get slots for is to train people to do that. And that leads me to Ms. Miles.

In your center, how big is it? How many children do you have?

Ms. MILES. At the present time, we have 115 children enrolled.

Mr. MARTINEZ. One hundred fifteen.

Ms. MILES. Yes.

Mr. MARTINEZ. Well, you've got quite a large program. Would it be feasible—you're a nonprofit organization. Right?

Ms. MILES. Right.

Mr. MARTINEZ. You only cover the cost. That $12, how does it compare to the going rate in that area for that same kind of care?

Ms. MILES. A little lower. It's a little lower than most programs.

Mr. MARTINEZ. A little, not a lot?

Ms. MILES. A few dollars a day lower.

Mr. MARTINEZ. Would the $2 in that number make any difference to providing, let's say, that you keep it a nonprofit organization, but providing the ability to provide day care for some people that might need the day care that don't have the monies to provide it?

Ms. MILES. We do that.

Mr. MARTINEZ. You do do that?

Ms. MILES. Yes.

Mr. MARTINEZ. Very good.

Ms. MILES. We have some people who pay no money at all. Some people who pay 26 cents a week. Some people who pay $12 a day. Some people who pay $62 a week for the math and science program, the special little program that is one little section.

And all of this goes together to make our $99,000 budget with our contributions from the college.

Mr. MARTINEZ. Fantastic. Well you all are to be commended in the programs you're providing. Let me ask a question. What do you see the Federal Government's role in this? Could there be a comprehensive national program?

Mr. GLYNN. Yes.

Mr. MARTINEZ. Thank you.

Chairman MILLER. Mr. Packard?

Mr. PACKARD. Mr. Glynn, of those that participate in the ET Program, who monitors the quality of the care centers? Is that done through——

Mr. GLYNN. The day care centers?

Mr. PACKARD. Yes.

Mr. GLYNN. Let me ask Ronnie to address that.

Ms. SANDERS. The Office for Children in Massachusetts is the regulatory agency for all day care. So they license it and regulate it. We will purchase care from any agency that is licensed.

Mr. PACKARD. So you do not have to worry about the family care centers?

Ms. SANDERS. The same for that. The Office for Children regulates it.

Mr. PACKARD. And are they required to be regulated?

Ms. SANDERS. Yes, they are. They're required to be regulated. There are probably a number of family day care centers—family day care homes that are not. We will not purchase care from those.

Mr. PACKARD. And if the quality of care does not measure up, do you have a reporting system to that Agency in terms of their monitoring of the quality of care?

Ms. SANDERS. Yes, we do.

Mr. PACKARD. The quality of care that's given in the different centers has not been a major problem for you?

Ms. SANDERS. The voucher management agencies go out and visit a home at least once a year, oftentimes more than that. If the quality is not at the level where they would be comfortable leaving their own children, we will not purchase care from that agency anymore, regardless of whether they're licensed or not.

Mr. PACKARD. Now, if grandparents or family members take care of children, is that also required to be certified and monitored?

Ms. SANDERS. Only if that relative also provides care for other non-relatives.

Mr. PACKARD. Non-relatives.

I really don't have any further questions, Mr. Chairman.

Chairman MILLER. Mr. Skaggs?

Mr. SKAGGS. Thank you, Mr. Chairman.

Mr. Glynn, I'm wondering whether or not the economic conditions that exist in Massachusetts, since your program was setup have made a significant difference? That is, in term of unemployment rates, the ability to place people, and the success of your program?

Could you expand on that?

Mr. GLYNN. Sure. I think it's certainly true that the strength of the Massachusetts economy has been a big asset for us in getting the ET program up and off the ground.

On the other hand, I guess I would point out that when we started the program in October of '83, the unemployment rate in Massachusetts was over 7 percent. I think roughly now half of the states have unemployment rates that are over 7.

The Massachusetts unemployment rate is now down to around 4 percent, which is very, very low, one of the lowest in the country. But I think that the benefit that we have derived from that has really been more to do with the velocity with which we've been able to get people through the system.

We've been able to serve more people faster. I don't think the sophisticated economy really speaks that much to the program design or how we have organized our services. I guess the question is if we had had a high unemployment rate, instead of 30,000 placements let's say we only had 20,000, I think everything I'm saying today would still be true and would, be as useful as it is in any event.

So I think it has helped us place more people faster. I don't think it has really had that much effect on the program design.

Mr. SKAGGS. Your testimony, I think, said $122 million in savings last year.

Mr. GLYNN. Yes.

Mr. SKAGGS. I'd appreciate it if you could provide for the Committee a more elaborate——

Mr. GLYNN. Sure. Absolutely.

Mr. SKAGGS [continuing]. Calculus of how you came up with those numbers, what was factored in and what was factored out, if you would be able to do that for us.

Mr. GLYNN. Sure. No problem.

Mr. SKAGGS. Thank you, Mr. Chairman.

Chairman MILLER. Mr. Holloway?

Mr. HOLLOWAY. Well, since I didn't hear the statements, I don't have a lot of questions.

But basically, the only thing I would like to ask, and I guess I would ask of Ms. Miles, so often I find in the Federal Government, that all our money gets tied up in administrative costs in many, many programs.

What percentage of costs do you all feel is administrative there?

Ms. MILES. Probably 75 percent.

Mr. HOLLOWAY. No more questions. Thank you.

Chairman MILLER. That includes your instructors, I assume. I mean, you're like a school system.

Ms. MILES. Right. It includes the child care worker. It doesn't include my salary. I'm paid by the college. But it includes the workers and the director of the center.

Chairman MILLER. Mr. Wortley?

Mr. WORTLEY. Thanks, Mr. Chairman. I missed part of the presentation so excuse me if I go back and ask you questions you've already responded to or was brought out in your testimony.

In the ET Program in Massachusetts, are there age limits on children taking the day care center?

Ms. SANDERS. No, there aren't. It goes up to age 14 for after school care and from zero to——

Mr. WORLEY. Mr. Coats asked a question awhile ago about the number of children who were infants or toddlers. Roughly, what percentage of the children cared for do fall into the category of infants or toddlers?

Ms. SANDERS. It's roughly about a third of the entire 8,000 kids.

Mr. WORTLEY. Is that group growing, or is it pretty stable, or what?

Ms. SANDERS. I think I would say that it's growing right now.

Mr. WORTLEY. In other words more younger children whose parents are trying to get back into the job force? Or into the training category?

Ms. SANDERS. The major resource problem we have around the state is in the infant and toddler age group. My sense is if we had more resources to take care of those kids, that number of infants and toddlers, now in the program, could be doubled.

Mr. WORTLEY. Is there an income ceiling for participants to enter that program? I mean, all these people are not necessarily on welfare or are they on it?

Ms. SANDERS. Through the Voucher Day Care Program in Massachusetts, they are on welfare and participants in the ET Program. For the contracted day care system in Massachuetts, which is similar to Title 20, the program you just heard about, there are different income requirements, slightly higher than the welfare recipients' income.

Mr. WORTLEY. But when you say they're all on welfare, that does not preclude the fact that some of them receive some child support from the non-resident earner. Is that correct?

Some of them can receive child support?

Mr. GLYNN. That's correct. They're all on welfare but some of them, probably about a quarter, are receiving some sort of child support, and 75 percent of the participants are receiving no child support.

Mr. WORTLEY. Why—is there a primary reason why they receive no child support? Unwed mothers, yes, I understand that.

Mr. GLYNN. Yes. Surely. I think that while the administration of child support around the country has improved a little bit in the last few years, it is one of the worst-managed systems that we have in Human Services.

And I am embarrassed to say that if some of the other panelists had been in Massachusetts in the last few years, I'm afraid they might have had similar experiences to what they have experienced in other states.

We are making a major effort now to fix the child support system in Massachusetts. There's been a lot of attention paid to the so-called Wisconsin Model. And we have adopted some legislation to try to make our system work a little bit more like theirs.

But I think fundamentally what's broken in the child support system is that we are in the position where we are chasing the absent father for arrears. So there's no real incentive if you're an absent father because if you start paying, most of the money is going to go to me, the welfare bureaucrat, instead of to your families.

If we can change the system so that more of the money is going to the families instead of to the welfare system, I think you'd see a different attitude on the part of a lot of the absent parents.

But that is not the way the system works now in most states. And I think that, again, hopefully in some of the legislation that is being considered here, and on the Senate side, some of these program problems will be addressed.

But the child-support system in Massachusetts, while it's pretty good relative to most states, when you look at the percentage of people who are helped by it versus the number of people who are on a caseload, it really isn't as good as it should be.

Mr. WORTLEY. A very good observation. It will be very helpful to us as we move ahead to formulate legislation.

I ask Ms. Maniker and Ms. Bridgers, do either of you receive child support?

Ms. BRIDGERS. No, I don't.

Ms. MANIKER. I should be.

Mr. WORTLEY. You should be, all right. [Laughter.]

But you don't?

Ms. MANIKER. There is a court order. I do not receive any.

Mr. WORTLEY. You do have a court order?

Ms. MANIKER. Yes.

Mr. WORTLEY. May I ask does the father live outside of the state? Is that one of the problems in getting child support?

Ms. MANIKER. He lives in Illinois.

Chairman MILLER. Mr. Hastert, that's your state. [Laughter.]

Mr. WORTLEY. Here's the man who will resolve that problem. [Laughter.]

Mr. WORTLEY. I have no further questions, Mr. Chairman.

Chairman MILLER. We're here to help.

Thank you. Quickly, let me ask you: How is the money within the child care pool that you have divided between the contract system and the voucher system?

Ms. SANDERS. Right now, as I said before, there's about $100 million, three-quarters of it is for the contracted system, and one quarter has been for the voucher system.

In the last couple of years, the voucher system, largely due to the ET Program, has grown from $8 million to its current budget of $27 million. And, in that same time period, the contracted system hasn't seen the same kind of growth.

They've grown from about $65 million to about $75 million. So percentage wise, it hasn't been nearly the same kind of growth.

The voucher budget is in the ET Program budget. And it's transferred from the Welfare Department to DSS. So the Welfare Department is responsible for requesting the budget high enough to serve the ET participant population. That's how it has been.

Chairman MILLER. Annie, on the question of aid, you started a training program when your son was how old?

Ms. BRIDGERS. He was a year-and-a-half.

Chairman MILLER. He was a year-and-a-half when you decided that you would embark on this effort and put him into some kind of child care. Were you comfortable with that?

Ms. BRIDGERS. Yes.

Chairman MILLER. Mr. Grandy?

Mr. GRANDY. Thank you, Mr. Chairman.

Ms. Sanders, in your testimony you stated that in rural areas, more parents turn to relatives for assistance. Is that correct?

Ms. SANDERS. Somewhat more than the rest of the state.

Mr. GRANDY. Family day care providers have to be licensed to receive the voucher funds. Is that correct?

Ms. SANDERS. Yes.

Mr. GRANDY. Do you have any idea of the percentage of eligible parents that would turn to subsidized care or opt for day care provided by relatives?

Ms. SANDERS. We do know that only 25 percent of all ET participants use voucher day care. That means 75 percent are making other day care arrangements. Many of them are using relatives and not ever approaching the voucher system.

Does that answer your question?

Mr. GRANDY. I am not sure I understand. The relative would have to be licensed in order to receive any kind of subsidization. Is that correct?

Ms. SANDERS. Most of the relatives provide care for free. Those relatives who do want to be reimbursed for their care must also take care of non-relative children. So they must sort of open their doors as a family day care provider and take their nephew as well as a couple of kids in the neighborhood.

They will then receive monies for their nephew as well.

Mr. GRANDY. I have no further questions. Thank you, Mr. Chairman.

Chairman MILLER. Thank you very much to the entire panel for spending your time with us this morning. I appreciate it very much. And I think you've been helpful to the ensuing debate we're going to have in this Congress in the next few months.

Thank you.

Next, the Committee will hear from the second panel made up of the Honorable Sunne McPeak who is the Chair of the County Board of Supervisors, Contra Costa County, California; Richard Vicars who is the Vice President of Human Resources for Lincoln National Life Insurance Company from Ft. Wayne, Indiana, who

will be accompanied by Madeline Baker who is the Child Care Administrator from Lincoln National Life Insurance Company; and Harry Freeman who is a senior vice president—well, he will not be here—from American Express.

But we do have his testimony, and if there is no objection, we will enter that into the record at this point.

[Prepared statement of Harry Freeman follows:]

PREPARED STATEMENT OF HARRY L. FREEMAN, EXECUTIVE VICE PRESIDENT, AMERICAN EXPRESS CO., NEW YORK, NY

GOOD MORNING, LADIES AND GENTLEMEN. MY NAME IS HARRY FREEMAN, AND I'M EXECUTIVE VICE PRESIDENT OF THE AMERICAN EXPRESS COMPANY I'M DELIGHTED TO BE SPEAKING WITH YOU THIS MORNING.

AS A MEMBER OF SENIOR MANAGEMENT OF AMERICAN EXPRESS, CHILD CARE IS A SOMETHING I FEEL STRONGLY ABOUT. IT'S A SUBJECT THAT GROWS MORE IMPORTANT TO CORPORATE AMERICA EVERY DAY. IT'S A SUBJECT OF CRITICAL IMPORTANCE THROUGHOUT THE COUNTRY. AND IT'S A SUBJECT THAT DESERVES FAR MORE ATTENTION THAN IT HAS RECEIVED SO FAR -- FROM BOTH THE PUBLIC AND PRIVATE SECTORS. CONSIDER SOME NATIONAL TRENDS:

- IN 1940, 8.6 PERCENT OF MOTHERS WITH CHILDREN UNDER 18 HAD JOBS OUTSIDE THE HOME. BY 1985, THE FIGURE HAD REACHED 62.1 PERCENT.

- IN 1976, WORKING MOTHERS WITH CHILDREN UNDER 3 ACCOUNTED FOR 35 PERCENT OF THE WORK FORCE. IN 1986, THAT PERCENTAGE GREW TO MORE THAN 50 PERCENT.

- BOTH SPOUSES WORK OUTSIDE THE HOME IN 60 PERCENT OF THE NATION'S TWO-PARENT FAMILIES.

- TWENTY-TWO MILLION YOUNG CHILDREN LIVE IN FAMILIES WHERE BOTH PARENTS WORK, OR IN SINGLE-PARENT HOUSEHOLDS WHERE THE ONE PARENT WORKS.

CLEARLY, THE ECONOMIC NEED IS THERE -- AND GROWING. AND AS THE BABY BOOM GENERATION AGES AND THE AVAILABLE WORK FORCE SHRINKS, THE NUMBER OF WOMEN IN THE WORKPLACE WILL ONLY INCREASE. BY 1995, EIGHTY PERCENT OF THE WOMEN BETWEEN 25 AND 34 WILL BE WORKING -- AND 90 PERCENT OF THEM WILL BE MOTHERS.

FOR EMPLOYERS, CHILD CARE IS VERY MUCH A BOTTOM LINE ISSUE ... CLOSELY LINKED TO PRODUCTIVITY AND, THEREFORE, PROFITABILITY.

- WORKING PARENTS WHO KNOW THEIR CHILDREN ARE WELL-TAKEN CARE OF DURING THE DAY ARE MORE EFFECTIVE ON THE JOB. WHEN CHILD CARE ARRANGEMENTS BREAK DOWN, WORKING PARENTS ARE MORE LIKELY TO SUFFER FROM DISTRACTION, ANXIETY, DEPRESSION AND PROBLEMS WITH THEIR PHYSICAL HEALTH. PUT ANOTHER WAY, SECURITY FOR AN EMPLOYEE'S CHILDREN ENHANCES THAT EMPLOYEE'S PRODUCTIVITY.

- THE HIGHEST RATES OF ABSENTEEISM ARE FOR WORKING PARENTS WHOSE CHILDREN COME HOME ALONE AFTER SCHOOL. THESE ARE THE SO-CALLED "LATCHKEY" CHILDREN. FOR THESE FAMILIES, ABSENTEEISM RATES ARE EQUALLY HIGH FOR BOTH MOTHERS AND FATHERS .

- CHILD CARE PROBLEMS COST EMPLOYERS AN AVERAGE OF 8 WORKING DAYS EVERY YEAR FOR EACH EMPLOYEE WITH CHILDREN UNDER 13.

THE BOTTOM LINE IMPLICATIONS ARE CLEAR: WHEN EMPLOYEES KNOW THEIR CHILDREN ARE IN GOOD HANDS TARDINESS AND ABSENTEEISM ARE LOWER ... RECRUITMENT AND RETENTION ARE EASIER ... MORALE AND SELF-ESTEEM ARE BETTER ... AND PRODUCTIVITY IS HIGHER .

BEYOND THE BOTTOM LINE, HOWEVER, WE IN CORPORATE AMERICA MUST REMEMBER THAT THESE ARE NOT JUST FACTS AND NUMBERS. THEY ARE PEOPLE ... PEOPLE DEALING WITH A SERIOUS ISSUE.

AT AMERICAN EXPRESS, CHILD CARE IS A VERY SERIOUS ISSUE. LAST YEAR, WORKING MOTHER MAGAZINE CHOSE US AS ONE OF THE 30 BEST COMPANIES FOR WORKING MOTHERS. AND SINCE 57 PERCENT OF OUR U.S. EMPLOYEES ARE WOMEN WE'RE ESPECIALLY PROUD OF THAT REPUTATION. WE'RE DOING OUR BEST TO KEEP IT. AND TO MAKE IT BETTER.

SINCE 1984, WE HAVE PROVIDED A CHILD CARE REFERRAL PROGRAM FOR OUR 12,000 NEW YORK CITY EMPLOYEES. UNDER THIS PROGRAM, THE COMPANY CONTRACTS WITH AN OUTSIDE AGENCY TO HELP EMPLOYEES FIND AND EVALUATE ALL TYPES OF CHILD CARE ARRANGEMENTS. AT NO CHARGE, PARENTS CAN LEARN OF PROGRAMS AND FACILITIES TO MEET THEIR NEEDS ... WHETHER THEIR CHILDREN ARE INFANTS OR ADOLESCENTS.

THIS APPROACH ALLOWS US TO FILL THE MISSING INFORMATION LINK IN THE CHILD CARE SERVICES CHAIN. AND IT BUILDS IN THE FLEXIBILITY TO MEET A WIDE RANGE OF NEEDS NO MATTER WHERE AN EMPLOYEE MIGHT LIVE.

IN JANUARY, WE EXPANDED THE PROGRAM BY CONTRACTING FOR SIMILAR SERVICES IN SOUTH FLORIDA. IN FORT LAUDERDALE, FOR INSTANCE -- WHERE MOST OF OUR 4,000 SOUTH FLORIDA EMPLOYEES WORK -- THE EARLY CHILDHOOD DEVELOPMENT ASSOCIATION -- A UNITED WAY AGENCY -- IS PROVIDING THE SERVICES. AND IN THE COMING MONTHS, WE'LL BE OFFERING RESOURCE AND REFERRAL SERVICES TO EMPLOYEES IN 12 MORE CITIES AROUND THE COUNTRY.

BY YEAR'S END WE PLAN TO HAVE CHILD CARE REFERRAL SERVICES AVAILABLE TO 33,000 AMERICAN EXPRESS EMPLOYEES -- AT ALL MAJOR AMERICAN EXPRESS DOMESTIC LOCATIONS. WE WILL THEN MOVE TO INCLUDE ALL OF OUR MORE THAN 57,000 EMPLOYEES AROUND THE COUNTRY, NO MATTER HOW SMALL THEIR OFFICES ARE.

TO MY KNOWLEDGE, ONLY ONE OTHER AMERICAN CORPORATION -- IBM -- HAS SUCH A WIDELY AVAILABLE PROGRAM ... OPEN TO ALL EMPLOYEES, NO MATTER WHAT POSITION THEY HOLD IN THE COMPANY.

LIKE OTHER CORPORATIONS, WE ALSO OFFER A DEPENDENT CARE ACCOUNT THAT ALLOWS EMPLOYEES TO PAY FOR DEPENDENT CARE WITH PRE-TAX DOLLARS. THIS ACCOUNT CAN BE USED TO HELP CARE FOR EITHER CHILDREN OR ELDERLY DEPENDENTS, UP TO A LIMIT OF $5,000 A YEAR.

AND WE HAVE AN EMPLOYEE ASSISTANCE PROGRAM THAT OFFERS A WIDE RANGE OF PROGRAMS, INCLUDING SEMINARS AND COUNSELING ON WORK AND FAMILY LIFE ISSUES.

BUT CORPORATIONS DON'T DO BUSINESS IN A VACUUM. THEY DO BUSINESS IN COMMUNITIES. THAT'S WHERE OUR EMPLOYEES AND CUSTOMERS AND SHAREHOLDERS LIVE. SO HELPING COMMUNITIES IS GOOD FOR BUSINESS AND VICE VERSA. CALL IT ALTRUISM. CALL IT ENLIGHTENED SELF-INTEREST. CALL IT COMMON SENSE ... OR GOOD BUSINESS. CORPORATIONS HAVE AN OBLIGATION TO THEIR COMMUNITIES. AND ONE IMPORTANT MEASURE OF A COMMUNITY'S WELL-BEING IS THE QUALITY OF THE FACILITIES IT PROVIDES FOR ITS CHILDREN.

AT AMERICAN EXPRESS, WE ARE WORKING IN COMMUNITIES ACROSS THE NATION TO PROVIDE QUALITY FACILITIES THAT MEET THE NEEDS OF <u>ALL</u> PARENTS AND CHILDREN -- WITH SPECIAL ATTENTION TO WORKING PARENTS. WE BELIEVE THAT QUALITY, SUPERVISED, LICENSED CARE IS A MUST. WE BELIEVE SUCH CARE SHOULD PROVIDE CHOICES FOR PARENTS ... AND WE BELIEVE IT SHOULD ENSURE THE WELL-BEING, EDUCATION AND HEALTH OF OUR FUTURE GENERATIONS.

IN COMMUNITIES FROM ANCHORAGE, ALASKA, TO FORT LAUDERDALE, FLORIDA, WE AT AMERICAN EXPRESS ARE WORKING TO DO TWO THINGS:

- FIRST, WE'RE SUPPORTING PROJECTS THAT ESTABLISH OR EXPAND RELIABLE COMMUNITY RESOURCE AND REFERRAL SERVICES. WE FUND THESE COMMUNITY AGENCIES IN THE BELIEF THAT THEY ARE BEST EQUIPPED TO STIMULATE THE NEEDED ADDITIONAL SUPPLY CHILD CARE SERVICES ... THAT THEY CAN BEST RESPOND TO CONSUMER INQUIRIES AND FIND PROVIDERS WHERE THE CONSUMERS ARE.

- SECOND, WE SUPPORT PROJECTS THAT EXPAND THE SUPPLY OF LICENSED, QUALITY CARE, USUALLY THROUGH THE DEVELOPMENT OF FAMILY CHILD CARE NETWORKS. SUCH NETWORKS PROVIDE CARE IN SOMEONE'S HOME FOR A LIMITED NUMBER OF CHILDREN. THEY ARE A FLEXIBLE, CONVENIENT, RESPONSIVE -- AND USUALLY MORE AFFORDABLE -- WAY TO MEET CHILD CARE NEEDS.

OUR EFFORTS HAVE EXPANDED CONSIDERABLY IN THE LAST FEW YEARS. WE SPENT ALMOST $600,000 ON CHILD CARE DURING 1984 AND 1985 COMBINED. THIS YEAR ALONE WE HAVE BUDGETED $750,000. LET ME GIVE YOU A FEW EXAMPLES OF HOW WE HAVE USED OUR MONEY:

- IN NEW YORK CITY, WHERE WE ARE HEADQUARTERED, WE SPENT MORE THAN $100,000 LAST YEAR ON A CITY-WIDE PROJECT TO EXPAND THE SUPPLY OF LICENSED FAMILY CHILD CARE BY DEVELOPING AND SUPPORTING NEIGHBORHOOD FAMILY CHILD CARE NETWORKS.

- THE FORT LAUDERDALE RESOURCE AND REFERRAL SERVICE I MENTIONED EARLIER WAS, IN FACT, STARTED WITH THE HELP OF A GRANT FROM AMERICAN EXPRESS.

- OVER THE LAST TWO YEARS, WE HAVE GIVEN $125,000 TO THE CALIFORNIA CHILD CARE INITIATIVE. WE'RE WORKING WITH FOUNDATIONS, THE STATE AND FEDERAL GOVERNMENTS, OTHER CORPORATIONS AND, IN SOME COMMUNITIES, THE UNITED WAY. THE GOAL IS TO INCREASE THE NUMBER OF LICENSED, QUALITY DAY CARE PROGRAMS THROUGHOUT THE STATE.

AMERICAN EXPRESS IS INVOLVED BECAUSE THE CHILD CARE PROBLEMS IN AMERICA HAVE REACHED CRISIS PROPORTIONS. CORPORATIONS CANNOT IGNORE THEIR RESPONSIBILITY ... NOT IF THEY WANT TO ATTRACT AND RETAIN PRODUCTIVE EMPLOYEES ... NOT IF THEY WANT TO DO BUSINESS IN ECONOMICALLY HEALTHY COMMUNITIES. THE PRIVATE SECTOR MUST OPERATE AS A PARTNER WITH THE PUBLIC SECTOR TO SEE TO IT THAT THE QUALITY AND SUPPLY OF CHILD CARE MEETS THE GROWING NEEDS OF OUR NATION.

BUT, TO A LARGE EXTENT, THE PUBLIC SECTOR PARTNER IS MISSING. FEDERAL AND STATE GOVERNMENT MUST BEGIN TO ASSUME A LEADERSHIP ROLE. THEY MUST ACTIVELY WORK WITH EMPLOYEERS, EMPLOYEES AND NONPROFIT GROUPS TO ESTABLISH A MORE UNIFORM, NATIONAL CHILD CARE POLICY.

THE PRIVATE SECTOR CAN -- AND MUST -- DO A LOT TO SUPPORT CHILD CARE SERVICES. BUT IT CAN'T DO IT ALONE. THE PRIVATE SECTOR NEEDS A PARTNER THAT CAN HELP IT BUILD A NATIONAL CONCENSUS ON CHILD CARE. THAT PARTNER IS GOVERNMENT.

THANK YOU.

# # #

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Chairman MILLER. Dr. Phillip Robins is a Professor of Economics from the University of Miami, Coral Gables, Florida.

Welcome to the Committee and thank you for taking your time to come give us the benefits of your thoughts and your knowledge.

Sunne, we will begin with you. And, again, let me thank you for coming all the way across the country to share the experiences that we've had in Contra Costa County with the Committee.

## STATEMENT OF HON. SUNNE McPEAK, CHAIR, COUNTY BOARD OF SUPERVISORS, CONTRA COSTA COUNTY, CA

Ms. MCPEAK. Mr. Chairman and members of the Committee, I salute you for tackling this very important problem facing America's families and business. And I am very honored to be a part of this panel in your hearings.

Let me state up front that I address you first and foremost as a parent who must work to support the family and who has used every form of child care you can possibly imagine. So I am thoroughly familiar with the system.

Secondly, I have worked professionally as a consultant in child care.

And, thirdly, for the last eight years, I have served as a public local policymaker. These experiences lead me to conclude that child care is one of the most important issues that we must deal with in the public and private sectors.

Probably, it's important also to note that next to shelter and food, child care is the most critical need for families in our country today.

We are very fortunate in Contra Costa County to have both the leadership and advocacy of our Congressman George Miller, and some very, very active civic leaders who make child welfare and child care their business. And keeping all of us, who are elected locally, are on our toes.

Contra Costa County is a microcosm of California, socioeconomically, demographically and ethnically. So we are an appropriate case study for the largest state in the country.

More importantly, perhaps, we even have a higher number of women in the workforce, percentage-wise than the national average or the state average.

Today, I want to address briefly three things. First of all, the need for child care.

Secondly, the role of the county in child care.

And, thirdly, our experience with public/private partnerships around child care.

In California, the Assembly Office of Research estimates there are about 1.6 million children between the ages of infancy and 14 years who need child care. Only 600,000 licensed child care slots exist. So approximately 37 percent of the child care need is met through licensed child care.

They found, not surprisingly, that the need for child care is increasing. The gap between supply and demand is widening. And that the burden of child care falls most heavily at the local level, at the community level. Of course it's true because that's where the children are.

In Contra Costa County, we have found, through many studies, that we have approximately 25,000 children today who are underserved by our system, in need of child care. Working parents who don't have child care or adequate child care for about 25,000 children, and that will increase to 28,000 by the end of this decade.

We have 1,215 licensed child care providers in the County, both family licensed day care and center-based care. And that provides child care for something over 18,000 children.

There is a vacancy rate. And if you will also look at the fact that some child care slots can be filled with more than one child because of parttime child care, then at most, today, we have approximately 3,500 open slots.

Our problem is, however, where the vacancies exist does not match necessarily where the parents are. And the kind of need, ranging from where you need infant care to after school care, varies by the geographic region just within our own county.

In terms of Contra Costa County, I think it's interesting to note that we approach child care in three different roles, or wearing three different hats.

First of all, we are an employer with over 5,000 employees, 60 percent of whom are women. And, therefore, we have a significant child care need just for our own employees. We have completed a survey of all of our employees in a joint employer/employee effort to identify needs.

We are now at the bargaining table to negotiate for a way to meet those needs. I anticipate we will add dependent care as one of a selection of cafeteria type benefits.

We are also working with providers in the community to see if we can strike some kind of partnership in terms of reservation of slots for our employees.

I will also add that Contra Costa County has been a pioneer in the area of pay equity/comparable work negotiations with our employees. We believe if you pay the working parent sufficient compensation that they will be better able to purchase child care.

And we are also looking at a new parental leave policy in order to allow new parents to care better for their children without sacrificing their career advancement.

The second role that brings Contra Costa County to address child care needs is the fact that we are a growing county economically. We believe that child care is absolutely essential for good economic growth, quality economic growth.

And we have had the fortunate assistance of the business community in looking at child care. This has been identified as a priority by United Way, the Chambers of Commerce and other business organizations. And they have proposed that the public sector sit down with them to examine child care needs.

I'll address that a little more later.

The third role that the county has, in terms of child care, is as the hub of the Human Services Network and the provider of last resort. If there is dysfunction in families that cause harm or danger to children, child abuse, if you will, it is the County's responsibility.

If children go without proper care, it is the county's responsibility. So we end up as the provider of last resort responsible for the well-being of children and concerned about child care.

The economics of child care, the affordability of child care, drives us to look at how we can better address this need. Most children's lobbyists suggest that as a policy, it would be best if families dedicated no more than 10 percent of their income to child care.

If you look at what it would require to pay for child care which ranges between $200 and more than $400 a month, that suggests that a family should be earning something on the order of $24,000 to $48,000 a year in order to pay no more than 10 percent of their income.

Cut that in half if you wanted them to pay 20 percent. The fact remains that most working mothers now pay something like 50 percent of their income, if they're purchasing child care on the open market.

That's not a calculus that makes any sense in our county. So we're looking at the affordability question.

We also are embarking upon the implementation of California's Workfare Program called GAIN, Greater Avenues to Independence. We have done some interesting analysis and found some rather startling discoveries with respect to the challenge of providing child care if we're going to carry out the intent of the state mandate for GAIN.

For example, we have found that maybe as many as 30 percent of the families simply will not be able to participate, families that are either required to or eligible to participate because there's not the availability of child care unless we develop the supply side of the equation.

And we have, in our draft plan, proposed to the state to, in fact, attempt to develop that supply and provide the licensed child care that we expect will be needed for those parents participating in Workfare who cannot find family care.

Chairman MILLER. Let me interrupt you for a second. You're talking about 30 percent of the people who come under the mandatory system? And they would, in a sense, have an out from participating because they could say, "I don't have a safe place to leave my child"?

Ms. MCPEAK. That's correct, George. Now most of those parents we expect will and have expressed that they do want to participate in the system.

Chairman MILLER. I understand that. But if the child care isn't there, it's not going to happen.

Ms. MCPEAK. Correct.

Chairman MILLER. This is different from Massachusetts. Ours is mandatory.

Ms. MCPEAK. That's correct. I think that's a very important point because you have to develop—we have to develop the supply side of the child care picture if the Workfare Program is to be successful.

We are proposing to California that that be a part of our budget. We are not encouraged that the state will opt to fund that portion of the Workfare Program.

In terms of our public/private partnership experience, let me just comment on three different experiences. And I want to say that we are committed to a partnership approach to child care. We believe it is absolutely essential that the community be involved in establishing a comprehensive system; that it is the responsibility of the public and private sectors together.

And by that, I do not mean that it can be foisted on the private sector alone. Without the public-sector leadership and contribution in appropriate ways, we will not have good quality child care.

There are not enough public resources to do the job properly. Nevertheless, it would be foolhardy to suggest that only the private sector can do it.

The three experiences I will share with you are the following: through the leadership of the United Way, we established the Contra Costa Child Care Task Force. Not a county task force. There were six different sponsors including business and labor.

I have provided for you, in a packet, an outline of the child care system that we are attempting to establish. If you were to look at this chart, it lists the different participants who should be partners, their responsibilities and outlines in a diagram how the supply and demand side of child care would be addressed through a local community, nonprofit child care organization supported by both public and private resources.

We are in the process of establishing a system. The county is dedicating a revenue stream to support the coordination. We are requiring work-site and home-builder developers to plan for child care needs and mitigate them.

And we're working with the employers to provide child care as a benefit. One of the cities in Contra Costa County, Concord, established a similar local community based child care coordinating organization a year-and-a-half ago.

They are funding it with one time developer fees and rapidly finding that as development curtails, they're in need of some stable funding. They are searching for the proper way to provide that stable funding.

And, lastly, Contra Costa County was the first public contributor and is partners with a major effort with the business community in California for something called the California Child Care Initiative.

Over $500,000 was raised principally from corporations but also from some public bodies. Contra Costa County was the first public partner in the California Child Care Initiative.

This project aims at increasing the supply of child care providers. In Contra Costa County, we put $10,000 in the pot, got $80,000 back and have added 60 new providers, 30 additional slots over the last year.

I'm happy to report that you, the Federal Government, through Health and Human Services, are now a major partner in California with the California Child Care Initiative.

In conclusion, the question that I think you most want to explore is: if we accept the proposition child care is needed, and that we want a public/private partnership, what is the role of the Federal Government?

Again, I would refer you back to my chart. I suggested the role that the Federal Government plays. But I think that it's critical to

recognize that a comprehensive system involving a partnership with the private sector will not occur without the public leadership.

The role of the Federal Government, to encourage and provide challenge grants to the state and local governments to establish such a system I think is unquestionably the most important role you could play.

Secondly, the need to provide incentives to the private sector through tax credits to participate in that local partnership is, again, I think, another critical role only the Federal Government can play.

And, lastly, the need to provide support assistance vouchers, some kind of match financially to low income parents so they can afford child care is, again, a major need. And the Federal Government has a rare opportunity there to provide the leadership.

The system that we are proposing does maximize parental choice and parental responsibility. But it also recognizes the fact that the private sector must join with Government if our children are going to have adequate child care and if our business community is going to be well served by a working population that does not have to worry about children during the day.

Thank you.

Chairman MILLER. Thank you.

[Prepared statement of Sunne McPeak follows:]

PREPARED STATEMENT OF SUNNE WRIGHT MCPEAK, SUPERVISOR, CHAIR, CONTRA COSTA COUNTY CHILD CARE TASK FORCE COCHAIR, CALIFORNIA COUNCIL ON PARTNERSHIPS

Child care is one of the most important family and business issues facing communities across the nation. The increasing gap between demand for and availability of affordable, quality child care has far reaching implications for society and the economy. Child care is no longer primarily a welfare issue for women. Aside from securing housing and food, child care is the single, biggest problem facing American families. It is also a key factor for productivity and performance in the workplace, thus having a significant impact on our economic competitiveness. The need for child care demands aggressive action from both the public and private sectors.

Contra Costa County is fortunate to have both the outstanding leadership and advocacy of Congressman George Miller and the exceptional, dedicated service of many community leaders on behalf of children and families. The result has been a history of innovative programs and creative initiatives. For more than a decade there has been a sustained, coordinated campaign to develop and provide child care services.

Contra Costa County is a microcosm of California in demographics, socioeconomics, and ethnic diversity. It has a a population approaching 750,000 and is experiencing healthy economic growth. The demand for child care has been growing as a result of changes in the economy, the workforce, the population of young children and the composition of families. This parallels the state and national trends. Further, Contra Costa County has a higher percentage of women with children in the workforce than both the state and national averages. This makes Contra Costa County a relevant case study. Our experience may have some broader application for emerging public policy.

This testimony addresses the following topics:

a. the need for child care
b. the role of the county in addressing child care needs
c. the public-private partnership experience in Contra Costa County

Need for Child Care

In California, 1.6 million children, ages 0 to 14, need care outside the home while their parents work but there are only licensed services and facilities for 600,000 children on a

full-time basis according to a 1985 study by the Assembly Office of Research (AOR). The number of children served by unlicensed care, public schools or recreational programs is unknown. By 1995, an additional 200,000 children will need care for a total of 1.8 million children.

The AOR reported: "Today's need for child care services and facilities is not being met now and the need will grow." The gap between demand and availability of care is the greatest for infants 0-2 years and school-aged children 6-14 years. The AOR concluded: "The impact of child care shortages is found most acutely at the local level."

In Contra Costa County, today there are more than 25,000 children underserved by the existing child care delivery system according to studies conducted by the Contra Costa Children's Council in conjunction with the California Child Care Resource and Referral Network and the United Way of the Bay Area. Projected growth in population, employment and parents working outside the home will push this number to almost 28,000 children by 1990. For approximately 20% of the underserved consumer family market, the cost of care coupled with limited family resources is the main barrier to securing child care.

Contra Costa Children's Council has documented the existence of 1,215 licensed active child care providers in the county. They have a total capacity of 18,735 slots or child care spaces. On July 31, 1986 there were 2,844 openings listed by the Contra Costa Children's Council. Using a factor of 125% to allow for part-time care, a total of 3,555 children could theoretically be served by existing licensed facilities. This capacity falls far short of the existing need.

Requests from parents to the Contra Costa Children's Council in 1985 for assistance in locating child care showed the following trends:

- 45% of the requests were for infant care, 30% were for preschool children, and 25% were for school age children.

- 55% of the requests were for full-time care and 79% of the requests were from working parents or persons seeking employment.

- 40% of the parents could not locate child care in licensed facilities.

- the majority of parents who do not find child care think it causes problems at home, at their work place, or in their ability to seek employment.

- considerations that limit the type of child care parents are able to utilize include limited finances, matching work hours with care givers' hours, location, and transportation (particularly for school age children).

It is misleading to attempt to match countywide needs with countywide child care availability statistics because the need varies by community or geographic region. For example, in West Contra Costa County, the greatest child care need is for subsidized care for children of all ages, particularly infants and school age children. In East County, critical needs include infant care, multi-cultural-sensitive care, subsidized care and care for children of all ages in the new housing areas. In South Central County, the need is greatest for infant and school age care. In North Central County, school age care is most needed. It should be noted, however, that sick child care is needed throughout Contra Costa County. (Additional data on needs are included in the attached Summary Report of the Contra Costa Child Care Task Force.)

The Role of the County in Addressing Child Care Needs

The Contra Costa County Board of Supervisors addresses child care needs from three different perspectives:

1. Contra Costa County government is one of the largest employers in the County with more than 5,000 employees. Management and labor have collaborated on surveying our employee needs for child care. We will be negotiating to include dependent care as an option for employee benefits. We are currently exploring the feasibility of on-site care or a partnership with private providers.

2. The Board of Supervisors has identified affordable, quality child care as key to appropriate economic growth and job generation. In 1982 Contra Costa County joined with business leaders and community organizations under the leadership of the United Way of the Bay Area to closely study and analyse child care needs. This collaborative effort became the foundation for much substantive action that followed and is described more fully later in my testimony. It was the basis of the formation of the Contra

Costa Child Care Task Force which has developed broad, countywide consensus for establishing a comprehensive child care system. (The Summary Report of the Child Care Task Force is attached.)

3. The county government is the principal focus of the human services network in Contra Costa and is the "provider of last resort" when no other resources are available to people. Further, the Board of Supervisors has identified the availability of quality, affordable child care as key to protecting children's well being, preventing child abuse and assisting welfare recipients in becoming self-sufficient. The county taxpayer pays the ultimate price for inadequate and insufficient child care. Contra Costa County currently receives $8.5 million in state funding for subsidized child care programs which are granted directly to child care centers, school districts or other vendor payment programs. The county also receives $1.3 million to serve 605 children in the Federal Headstart program. The Board of Supervisors helps find child care information and referral services throughout the county provided by the Contra Costa Children's Council. Most recently, Contra Costa County has initiated plans to implement the

State of California "workfare" program called GAIN (Greater Avenues for Independence). Attached is a description of the child care component of the draft GAIN plan. Child care is essential for AFDC recipients to become self-sufficient. Yet, the limited availability of child care requires the County to assist in developing the resources or accept the fact the program may not be able to serve all potential participants.

Individually, each of these roles is reason enough for county government to take an active part in addressing child care needs. Collectively, they compel the Board of Supervisors to take the initiative to actively develop a comprehensive child care system. We have embarked upon this challenge although we have extremely limited resources. We view public-private partnerships for child care as the most viable strategy for meeting the needs.

The Public-Private Partnership Experience in Contra Costa County

It is clear that there are not enough public resources to meet the child care needs in Contra Costa County, California or the United States. Therefore, private sector resources must be

mobilized. However, even if public dollars were not scarce, it would be in the best interest of the nation to pursue a policy of fostering public-private partnerships for child care in order to significantly involve folks in their own communities in the future of our children. Child care, like many other problems, is best addressed as close to the problem as possible and by involving those parties who either contribute to the problem or can effect a change to be a part of the solution. This is community problem solving and democracy at its best. However, the leadership and adequate contribution of resources from the public sector are absolutely essential to fostering strong, viable partnerships with the private sector. Government cannot abandon its responsibility and expect it can be done by the private sector alone. It cannot be and should not be a private sector responsibility only: both the public and private sectors must contribute additional resources to provide affordable quality child care for America's children and their working families. Our economic future depends upon us meeting the challenge.

The following summarizes the child care public-private partnership experience in Contra Costa County.

- Contra Costa Child Care Task Force .

The Contra Costa Child Care Task Force is cosponsored by seven partners: Contra Costa County, the Contra Costa Council, the Mayors Conference, the Central Labor Council, the Chambers of Commerce, the Childrens Council and the United Way of the Bay Area which staffs the Task Force. The Task Force designed a comprehensive child care system that will maximize parental responsibility and parental choice. However, it also is a system that recognizes the responsibility and opportunity to effect child care other key players have in the community. Government developers, employers, schools, churches, foundations and community organizations all should contribute resources to the child care system. The attached Summary Report describes the options for participation by each element of the community.

The Board of Supervisors is dedicating future Transient Occupancy Tax from hotels to be built in a new commercial area to support the coodination function in the child care

system. Foundations will be asked to grant the seed money for the coordination until such time as the tax revenue is generated upon completion of the hotels.

An ordinance is pending requiring all worksite developers and homebuilders to assess and mitigate the child care impacts related to capital facilities needs associated with their projects. In lieu of a developer fulfilling his/her obligation under the ordinance, a fee will be charged. The ordinance is drafted to provide an incentive for developers to participate in the development of the child care system rather than simply pay a fee.

The Child Care Task Force is now focusing on developing a model employee survey to be used by employers and a quality assessment tool for providers. The next steps will be to expand the involvement of employers in providing child care/dependent care as an employee benefit.

- Concord Child Care Alliance

The City of Concord established a working public-private partnership called the Child Care Alliance (see attached

description). It has been funded by one-time developer fees and is searching for stable funding. It is now embarking upon a challenge program to provide an incentive for employers to assist employees with child care by matching the employer contribution.

- California Child Care Initiative

Contra Costa County was the first public contributor to the California Child Care Initiative spearheaded by the BankAmerica Foundation to increase the supply of child care by recruiting and training new providers. The Board of Supervisors contributed $10,000 from a voluntary taxpayer trust called the Family and Children's Services Fund. The Contra Costa Children's Fund was then selected as a pilot site and successfully accomplished its goals. This pilot project gives us invaluable experience in establishing the child care system.

Conclusion

The federal government can provide special leadership to foster public-private partnerships for child care across the nation.

The following are examples of key actions for Congress to consider:

- Seed money for community-based, properly structured public-private partnerships for child care which requires other public and private funding to leverage the federal dollars.

- Tax credits for employers and developers to contribute to child care.

- Tax credits for parents on a sliding scale basis so that lower income, working parents are the primary beneficiary of this policy.

The above actions would make a significant contribution to addressing child care in this nation and would foster public-private partnerships to reinvolve communities in solving their own problems.

# PUBLIC-PRIVATE PARTNERSHIP FOR CHILD CARE

## COMMUNITY CHILD CARE ORGANIZATION

Goal: Establish a coordinated, comprehensive child care system which maximizes parental responsibility and parental choice.

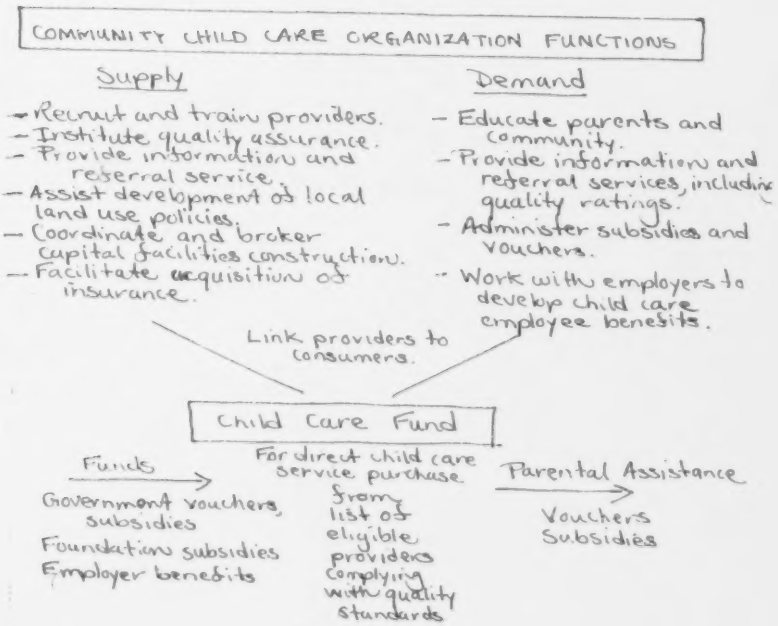
Integrate public and private resources to strengthen demand and increase supply.

Involve as partners those elements of the community which impact the need for child care and have the opportunity to address the need.

| Partners | Responsibilities |
|---|---|
| - Parents | - Select appropriate child care. Pay for child care to extent possible. Participate in monitoring quality. |
| - Government | |
| - Federal | - Set national policy. Provide challenge grants for state and local public-private partnerships. Provide tax credits for private sector partners and parents. Provide subsidies/entitlements for low income parents. |
| - State | - Set state policy and complement above federal contributions. |
| - Local | - Establish/facilitate community child care organization. Adopt local land use policies, zoning laws and ordinances. Generate local public funding match. |
| - Developers | |
| - Worksite Developers | - Assess needs related to worksite. Contribute resources for or construct capital facilities related to child care needs for project. |
| - Homebuilders | - Assess and address needs related to subdivision. Dedicate sites for facilities/construct facilities related to child care needs in project. Promulgate appropriate CCR's. |
| - Employers | - Contribute to capital facilities and ongoing child care services. Subsidize child care for employees on a sliding scale. Provide dependent care as an employee benefit. |

Sumner Wright McFeaks

- Community Organizations
  - Schools — Contribute space or sites for child care, particularly for school age children and "latch key" kids. Administer and operate child care where appropriate
  - Churches — Contribute space or sites. Administer and operate child care where appropriate.
  - Parent-teacher associations, YWCA/YMCA's, recreation program agencies, other community organizations — Sponsor, administer, operate child care where appropriate.
- Foundations — Contribute private seed money to match public challenge grants. Target specific elements of child care system for development. Contribute to child care fund to subsidize low income families.


COMMUNITY CHILD CARE ORGANIZATION FUNCTIONS
Supply
- Recruit and train providers.
- Institute quality assurance.
- Provide information and referral service.
- Assist development of local land use policies.
- Coordinate and broker capital facilities construction.
- Facilitate acquisition of insurance.
Demand
- Educate parents and community.
- Provide information and referral services, including quality ratings.
- Administer subsidies and vouchers.
- Work with employers to develop child care employee benefits.
Link providers to consumers.
Child Care Fund
Funds
Government vouchers, subsidies
Foundation subsidies
Employer benefits
For direct child care service purchase from list of eligible providers complying with quality standards
Parental Assistance
Vouchers
Subsidies

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Contra Costa County

Board of Supervisors

CHILD CARE AND PUBLIC-PRIVATE PARTNERSHIPS

Testimony to Select Committee on Families, Children and Youth

Presented on March 10, 1987 by

Supervisor Sunne Wright McPeak
Chair, Contra Costa County Child Care Task Force
Co-Chair, California Council on Partnerships

| | |
|---|---|
| Attachment A | Contra Costa Care Task Force<br>Summary Report |
| Attachment B | GAIN Child Care<br>Contra Costa County Draft Plan |
| Attachment C | Child Care Alliance<br>History/Accomplishments |
| Attachment D | California Child Care Initiative<br>Program Overview |

ATTACHMENT A

# CONTRA COSTA

# CHILD CARE TASK FORCE

## Summary Report

Sunne Wright McPeak, Chair
Jann Morris, UWBA Staff

December, 1985

## INTRODUCTION

### Purpose

The Child Care Task Force (CCTF) convened in January, 1985 to design a comprehensive, integrated child care delivery system for Contra Costa County with the intention that that system be implemented by 1990 to substantially address child care service needs.

The child care system should be based on the following principles:

1. Quality child care services are in the best interest of the whole community.

2. Child care services will be developed in the private sector in response to documented need and the ability to pay for them.

3. Parents are best able to choose care for their children.

4. Child care cost assistance should be available when needed without unduly limiting parental choice.

5. Quality of care will improve in response to financial incentives.

6. Fees for care can be related to the quality of care.

7. A County-wide approach should encourage and coordinate with local initiatives.

### Sponsorship and Participation

The co-sponsoring organizations of the Child Care Task Force (CCTF) have been Contra Costa County, the Contra Costa Development Association, the Mayor's Conference of Contra Costa County, Contra Costa Children's Council, the Central Labor Council, the Chambers of Commerce of Contra Costa and United Way of the Bay Area. Representatives of these organizations comprised the task force's Steering Committee. They convened 42 additional task force members representing local business, government, schools, child care operators, and human service funders. Other interested parties and observers also participated in the task force discussions.

Process Description

The CCTF adopted a very ambitious agenda and deadline, intending to achieve its goals of system design and implementation plan in six months.

The Subject matter presented a complex array of problems, opportunities and potential solutions. Many of the participants were experts in child care programs, many others knew little about the problem. Thus education was the first step for the group. Speakers, films and written materials were provided. The group quickly agreed to focus on system development rather than to duplicate previously conducted needs assessment.

Next, the group identified service components which would comprise an ideal service delivery system and prioritized those service components. Existing services and resources were considered, particularly in the critical areas of ongoing system management and evaluation, program quality monitoring and resource development.

Finally, the CCTF developed, considered and selected resource development alternatives. The results are this child care system design and implementation plan.

Environmental changes

Contra Costa County is changing dramatically with tremendous growth in population and employment. Its cost of living and housing is higher than the state median. Leading national trends, Contra Costa's ratio of women in the work force with children continues to be higher than both state and national averages. Erosion in the industrial employment base in East and West County have generated more two parent working families in order to meet their own basic needs.

## NEED FOR DEVELOPMENT OF CHILD CARE SERVICES

Expanded child care services are needed in every community in the county. These communities are unique; their service needs are unique; their services must be unique, yet they must be coordinated to be cost effective for the community as a whole. The gap between demand and supply will continue to increase without planned, coordinated service development.

25,400 children are currently underserved by the existing child care delivery system in Contra Costa County, according to studies conducted by the Contra Costa Children's Council in conjunction with the California Child Care Resource and Referral Network and by the United Way of the Bay Area's local community problem solving committees: Strategies for A Decade for Central and East County and Valleys Corridor Project for South County. Projected growth in population, employment, and working parent families indicates an additional 10% service need by 1990 for a

total of 27,940 children for whom appropriate child care will be a problem.

The need varies by community or geographic region.

In West County, subsidized care for children of all ages is most needed, particularly for infants and school age children.

In East County, critical needs include infant care, multi-cultural-sensitive care, subsidized care, and care for children of all ages in families in the expanding communities of Brentwood and Oakley.

In South Central County, infant and school age care are the most critical needs.

In North Central County, school age care is most needed.

Some needs are consistant across the County. Care for sick and/or recuperating children is non-existant; additional assistance with the cost of care for those families who cannot afford the full cost is necessary. By both, work attendance and productivity are affected.

Attachment E includes additional information regarding the need for child care.

ISSUES, PROBLEM AREAS

The need for increased availability of services is one of several problem areas needing to be addressed in designing and implementing a comprehensive child care delivery system. A second critical issue is the need for increased affordability of services. For approximately 20% of the underserved consumer family market (5,080 children), the cost of care and the limited resources of those families make inability to purchase services, or affordability of care, the main barrier even to what resources are available. In addition, many middle income working parent families have difficulty purchasing appropriate care.

The need for improved quality of service is the third critical issue. Existing state licensing and monitoring mechanisms are inadequate to assure parents' and communities' concerns about safety, protection and child development programming.

The need for improved coordination of services is the fourth critical issue. Diverse geography, communities, and family needs require increased ability to manage, integrate, expand and coordinate limited resources.

These four issues were identified by the Strategies for A Decade child care Sub-Committee and subsequently adopted by the CCTF, which also added the following areas:

- Increasing parental choice of care with a system which is designed to reflect the very broad range of family preference about location, type of care and program emphasis

- Increasing public support for child care as a matter of public good, effecting the whole community and, encouraging development of adequate child care services

- Solving the liability insurance crisis

The CCTF focused on these six areas, structuring its Sub-Committees to address them.

CONCLUSIONS

I. The child care delivery system, as an important component of the communities' education systems, needs broad-based community support including parents, employers, employees, residents without a direct child care need, and public and private policy makers.

II. The child care delivery system is fragmented and needs development managed to achieve comprehensive, coordinated services, increased availability, affordability and quality of care, parental utilization and public support. To achieve these objectives, system participant consensus on leadership within and for the child care community is necessary.

III. The child care delivery system lacks adequate resources, including facilities, programs and revenue streams.

IV. Specific service components need to be added or expanded. These need to be targeted for attention. Specific descriptions are included in Recommendation III, items A-F.

V. The child care system is severly threatened by the existing liability insurance shortage. Caregiver costs have increased as much as four times, causing the loss and potential future loss of many already scarce providers. See Recommendations section for proposed public policy changes.

VI. Local jurisdictions desire autonomy in determining zoning and land use issues; however several communities are extremely restrictive and/or have exorbitantly expensive fee scales for child care facilities. See Recommendations section for recommended public policy changes.

VII. Parents, employers and the community are concerned that the child care system be able to provide greater assurance of quality in child care operations than is currently possible.

RECOMMENDATIONS

I. DEVELOP SYSTEM MANAGEMENT AND COORDINATION

In order to develop adequate child care services, the CCTF determined that child care system management, coordination, public relations and resource development are necessary to achieve comprehensive and coordinated services, to increase availability, affordability and quality of care and to increase parent utilization and public support. The CCTF recommends a new organization with specific resource development functions be created. The organization's Board of Directors would be comprised of:

4 Employer representatives including 1 representative of the Chambers of Commerce and representatives with large and small employee populations and of unionized and non-unionized businesses. Diverse geographic representation shall also be reflected.

4 Parent/Consumers of child care services including working parents, one of whom is a representative of union leadership.

3 Providers of child care services, including at least one representative of centerbased care and at least one representative of home-based care with affiliation to one of the two family day care home associations in the County. Consideration shall also be given to participation of proprietary and non-profit providers and of church-based and state funded programs.

3 Children's Services Professionals drawn from children's public interest groups when possible and including one clergy.

1 Representative of the Real Estate Development community.

1 Representative of Contra Costa County Government.

1 Representative of Contra Costa's Cities with affiliation to the Mayor's conference.

1 Representative of the County Superintendent of Schools Office.

1 Executive Director of the organization as an ex-officio member.

Membership on the Board of Directors thus totals 19 persons.

These representatives are determined by the CCTF to be necessary to assure that the broad community is included in the decisions effecting child care service delivery, while preventing potential conflict of interest situations.

The mission of the new organization is to assist in the development and the retention of licensed child care facilities in the County to meet the demand brought about by economic growth and the increase of the single parent family. It will address such areas as availability, affordability, and quality of care. It will strive to assist all concerned entities by monitoring the overall effectiveness of this industry and will maintain open lines of communication with all participating cities. It will have no jurisdictional authority but rather will focus on the needs of this industry and will affect change as it pertains to availability, affordability, and quality of care.

The objectives are:

I. To maintain current information on the problems of Child Care affecting the Contra Costa County area and and to develop programs to assist in resolving these problems in concert with the County's cities, support organizations, and the private sector.

II. To provide a funding source to assist in the growth and retention of child care facilities in the County.

III. To monitor the overall effects and quality displayed by this industry in the County.

IV. To educate the general public and business sector as to the need for child care facilities in the County.

V. To act as an additional conduit of information for not only concerned organizations, but other entities and individuals.

The primary purpose of the organization will be to increase and direct resources from all parts of the community to the development of child care services. It is intended to support and expand existing direct or indirect services, not to duplicate them. The organization will work closely with child care agencies and funders to achieve the goals as described in this report.

## II. DEVELOP ADEQUATE FINANCIAL SUPPORT OF THE CHILD CARE SYSTEM

Primary responsibility to child care payments belongs to parents to the extent possible unless offered as an emp-

loyee benefit. However, many families cannot fully afford quality child care. Thus the need for additional funding. Furthermore, resources are required to develop and manage a comprehensive system in which there is a sufficient supply of quality child care services. Therefore, there must be a three-way funding partnership including (a) parents, (b) the public sector (government at all levels), and (c) the private sector (employers, builders, foundations, enterprise ventures, churches, etc.). The CCTF recommends these actions, selected from many options, be considered as possible funding sources -

Public Sources

Federal -

1. Support increasing tax credits for child care related fees paid by all individual and business taxpayers.

2. Support HR 2867 (Miller,et al) to increase federal funding of child care services.

State -

1. Support increasing tax credits for child care related fees paid by all individual and business taxpayers.

2. Support increases in State funding of expanded child care services with increased share to Contra Costa.

3. Support state legislature's consideration of additional birth certificate fees to fund child care services.

4. Support state legislature enacting state or authorizing local enactment of bond issues for child care facilities.

5. Support state legislature's study of small additional payroll tax of .001 to fund child care services.

County -

1. Support increase in general fund allocations for child care, particularly for funding of child care system management subsidies, and of quality monitoring as a child abuse prevention method.

2. Support a percentage of the County's allowable annual increase in property tax assessments being used to fund child care services.

3. Apply for FY'86 County community development funding of child care facilities and services.

4. Support County developer fees to fund child care facilities and/or services.

Cities -

1. Support increase in general fund allocations for child care, particularly for funding of child care system management subsidies, and of quality monitoring as a child abuse prevention method.

2. Support a percentage of each City's annual increase in property tax revenues being used to fund child care services.

3. Support city utility users tax to fund child care services.

4. Support city developer fees to fund child care facilities and/or services.

Schools -

Support cooperative ventures between schools and child care providers regarding use of space and transportation.

Private Sources

1. Secure increased foundation funding.

2. Continue to secure increased United Way of the Bay Area funding.

3. Support private lending institutions developing secured loans for child care facility expansion.

4. Support exploration of pursuing an enterprise to generate funds for child care services (for example, consider development of an amusement park, sports complex or other profit generating recreational facility). The Child Care Task Force is considering a consultant proposal to assist in developing earned income opportunities as a source of system funding.

5. Support employer sponsored child care and employer child care benefits for employees, including cost assistance, flex time and parental, maternity and paternity leave.

6. Support cooperative ventures between churches and child care providers regarding use of space.

By using each of these sources, Contra Costa County leverages its opportunity to secure some of the additional funds needed to develop sufficient and adequate child care services.

III. DEVELOP NEW AND EXPANDED SERVICES

The CCTF recommends adding or increasing the following targeted service components between now and 1990. This listing reflects the order of priorities as ranked by the CCTF although all services and functions are needed to establish a comprehensive child care system. It is also acknowledged by the CCTF that some of the system components will take longer to develop because they require more time and resources than others. It is expected that the Board of Directors of the new organization will determine the order in which system components are developed.

Level I Priorities

A. Child Care Fund with parents selecting care using vendor-vouchers and administrative agency assessing caregiver program quality and offering development information including training to caregivers when appropriate. A quality rating should be used to determine the amount to be paid for the care, an incentive for high quality care. Costs of professional monitoring visits can be kept low by conducting them in conjunction with quarterly visits to monitor the federally funded child care nutrition program. The Child Care Fund would administer dollars from employers (for specified employees) and government or foundations (for low income families in need of assistance). It would support purchase of service from direct caregivers selected by eligible working parents throughout the County. Parents' share of cost to be determined by ability to pay on a sliding scale.

B. System Coordination, Management and Annual Evaluation, including planning and development of services and management of constituency relations.

C. Caregiver Training with trainee participation incentive. 1985-86 pilot (recruitment and) training program funded by the California Child Care Initiative will train 60 new and 60 existing caregivers, to be managed by Contra Costa Children's Council.

D. Public Education via a positive media campaign to reach potential child care participants including parents to motivate increased support and utilization. To be done by agency to be determined acting as child care coordinating body.

E. Information and Referral Services must be expanded. Currently being done by Contra Costa Children's Council at annual costs of $261,000 funded by State and County, additional resources are required to respond to the demand.

F. Sick Child Care Services funding may be secured from foundations for start-up and from county and cities for ongoing operations. Currently, public policy, particularly child care licensing regulations, do not cover operation of sick child care services. The new Child Care organization shall develop community supported consensus on needed public policy and regulations changes and lead advocacy efforts for same. Consideration may also be given to the agency, acting as coordinating body, organizing child care participants to advocate for employer policy and employment practices allowing paid family leave for care of sick children.

Level II Priorities

G. Development of Direct Services. Increasing the availability of direct services through indirect activities, items 1 through 4, and direct activities, items 5 through 7.

1. Licensing and Zoning Assistance for caregivers and potential caregivers. Done by Contra Costa Children's Council (as part of funding for Resource and Referral Services identified in E, Information and Referral, above). Specific current costs for this activity not identified separately.

2. Space, site or facility development through:

   a) Coordination of efforts to identify and secure use of schools, churches, recreation and homeowner organization clubhouses as child care facilities.

   b) Coordination of effort to secure changes in local zoning policy, including management of broad community participation in adoption of a "model" zoning ordinance.

3. Caregiver Recruitment. Currently offered by Contra Costa Children's Council's Resource and Referral Program (funding levels not separately identified). To be expanded by the California Child Care Initiative pilot for one year beginning October 1, 1985.

4. Caregiver Assistance for Capital Improvements.

5. Recreation programs for school aged children. To be provided by private direct services providers in cooperation with schools.

6. (Sick child care fits within this broader area of service development, see item F).

7. Other age-, cultural- and location-specific services to be determined and developed through needs assessment and coordination activities (B), advocacy (I) and development of direct Services (#s 1-6)

H. Local Quality Monitoring of programs not participating in item A, (Child Care Fund with rating). Includes Caregiver Assessment, Development and Recognition. To be done by agency to be determined as described in item A.

I. Public Policy Advocacy. Currently done by a number of organizations and providers; needs to be coordinated, expanded and financially supported.

## IV. DEVELOP CHILD CARE LIABILITY INSURANCE RISK POOL

In order to retain and develop sufficient quality child care services, the CCTF supports the development of a state supported and managed child care liability insurance risk pool. Participation in the pool by private insurance carriers and by child care operators should make liability insurance coverage more affordable. See CCTF positions on public policy section for information on specific state legislation related to this issue.

## V. ADOPT PUBLIC LAND USE AND ZONING POLICY

In order to develop Adequate Child Care Services, the CCTF developed and presented model zoning and land use policy for child care facilities to Contra Costa County and to local cities to Mayors and to the Mayors Conference. See Appendix A.

A further step in land use and zoning policy which a county or city may take is to develop an ordinance for worksite developer contribution to the child care system. In consideration of such an ordinance, the following points may be appropriate:

1. Each worksite development (generating jobs) should have a child care needs assessment and plan.

2. Child care plan options:
   - contribute funds based on square footage or value of development to child care fund
   - development of a family day care network for employees
   - building an on-or near-site child care center

- rennovating an existing building nearby for child care
- expansion of an existing child care service
- employee benefit fund for child care expenses
- allocate a licensable portion of new space for child care

3. Funding of each development's child care plan should result from collaboration between developer and tenant (i.e. developer provides seed money for plan, tenant provides ongoing subsidy of plan through rent)

4. Appropriate options for small, medium and large developments (small: under 25,000 sf; medium: under 100,000; large: over 100,000 sf)

Land use and zoning decisions can also be used to designate appropriate child care sites and facilities within new residential developments.

VI. DEVELOP A LOCAL QUALITY ASSESSMENT AND DEVELOPMENT PROGRAM

In order to achieve improved quality of child care services, the CCTF recommends local monitoring and assessment of caregivers serving children and families receiving funding assistance (see Recommended service increases). Family day care home operators serving non-subsidized children may participate in a supplementary program also described in the Recommended services increased section pending additional funding stated. The CCTF recommends that child care center operators participate in the National Association for Young Children's newly created self-assessment and development program. The United Way of the Bay Area has funded the Contra Costa Children's Council for the development of a program to examine and recommend specific approaches to administration of child care payment assistance programs which will incorporate quality indicators in the caregiver payment assistance. This kind of a quality assurance component should be incorporated into the management of the Child Care Fund.

VII. CONDUCT PUBLIC EDUCATION AND AWARENESS PROGRAM

The CCTF recommends a major public education and awareness effort targeted to parents, employers, public policy makers and local communities, as specified in the service development section (B).

VIII. SUPPORT LEGISLATION FOR PUBLIC POLICY CHANGES

The CCTF considered and adopted positions on legislation proposed in 1985. The CCTF supported the federal and state legislation described in Appendix B.

ACTION STEPS

The CCTF shall form a new child care coordinating, non-profit organization to implement the CCTF recommendations and funding strategies and to select the best agencies to provide new and/or expanded direct and indirect services to supplement existing services currently funded by a variety of other sources. The CCTF will further assist in creating by-laws and articles of incorporation, program plans, annual budget, personnel selection and organization evaluation. The following immediate action steps are recommended:

1. By February 1986, the CCTF Steering Committee should facilitate the selection and convening of the new child care organization's founding board to implement the mission statement and objectives.

   The founding board of directors will adopt and file articles of incorporation and by-laws and develop its operating plan and budget, based on the mission statement and objectives, by June, 1986 for implementation between July 1986 and June, 1987.

2. The Steering Committee should meet with the Superintendent of Schools and representatives of school districts to discern the coordination of after-school "latch-key" funding from the state with the development of a comprehensive child care system.

3. The Steering Committee should explore with the Contra Costa Development Association the feasibility of initiating an entrepreneurial venture to generate revenue to support the child care services. The Contra Costa Development Association may be the best-suited organization to take responsibility in assessing the potential for such an enterprise.

4. The Steering Committee and subsequently the new organization Board of Directors should meet with the Building Industry Association to explore cooperative ventures for the securing of space and locations for child care facilities and services.

5. The Contra Costa Mayors Conference and Contra Costa County should coordinate a workshop for elected officials and planning department staff on planning and land use issues related to child care.

6. The chambers of commerce, Contra Costa Development Association, Central Labor Council and Children's Council should collaborate on the development of sample "employer survey" for employers to best identify the child care needs of their workers.

7. The Contra Costa Children's Council should loosely coordinate with the Steering Committee and new organization the implementation of the United Way funded "child care fund with quality indicators program" and the California Child Care Initiative funded "caregiver recruitment and training program". The two recently funded efforts should serve as pilot demonstrations for the development of key components of the comprehensive child care system.

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Co-Sponsoring Organizations:

Contra Costa County
Contra Costa Chambers of Commerce
Contra Costa County Development Association
Central Labor Council
Contra Costa Children's Council
Mayors' Conference
United Way of the Bay Area

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CHILD CARE TASK FORCE REPORT
RECOMMENDED LAND USE AND ZONING POLICY

DECEMBER 1985

APPENDIX A

To: The Mayors Conference

From: Mayors Conference Representatives to Contra Costa Child Care Task Force: Taylor Davis, City of Pittsburg; Russ Perkins, City of Hercules; Diane Schinnerer, City of San Ramon; Dione Mustard, City of Pleasant Hill.

THE PROVISION OF ADEQUATE, AFFORDABLE AND QUALITY CHILD CARE IN CONTRA COSTA HAS BECOME AN ISSUE OF CRITICAL CONCERN, AS MORE AND MORE WOMEN ENTER THE WORK FORCE AND MORE FAMILIES ARE HEADED BY SINGLE PARENTS.

A study of central and eastern Contra Costa, conducted by United Way, revealed a severe lack of child care services. According to the data, 14,500 children of working parents were not in licensed care in central and eastern county alone. If figures for west and south county were added, the total figures would surely exceed 20,000. The Contra Costa Childrens Council reports that hundreds of parents seeking child care referral information each month subsequently do not enter or delay entering the work force because they cannot secure adequate and affordable care. State subsidized child care waiting lists total more than 800, without any advertising of the slots.

As the County continues to experience rapid population and employment growth in the next decade, the child care needs will continue to increase. As public resources for human service needs diminish, solving the child care problem will require greater cooperative efforts between parents, providers, public officials and employers. The Child Care Task Force, with representation from each of these segments of our community, has been working for six months to design a child care system and identify resources to implement such a system countywide.

The Task Force believes that local government can have a significant impact on child care needs through the planning and permitting process. Child care centers and large family day care homes require not only state licensing, but permits from the local jurisdiction. This process can often pose obstacles and impediments to the child care provider, when it could and should be as simple a process as possible.

Obstacles in the zoning and permitting process which have been identified can be summarized as follows:

1) Provision of child care is not currently a high priority for most jurisdictions.

2) Potential providers are often unaware of the local government's permitting requirements and, once aware, are often uncertain as to how to go through the process effectively and successfully. This is especially true for the family day care home providers.

3) Zoning standards and requirements vary widely by community.

4) Permit fees vary widely by jurisdiction, ranging from $35 to $500. Some impose a flat fee, making no distinction between a large family day care home (7-12 children) and a center, which typically serves a larger number of children and requires more staff time for processing.

5) Jurisdictions can sometimes impose financially burdensome conditions of approval, which do not necessarily relate to health and safety requirements.

6) Neighborhood opposition frequently occurs, both for centers and family day care homes, and tends to focus on objections to a "business", traffic, parking and noise.

In view of these problems faced by child care providers, the Child Car Task Force recommends that the Mayors Conference and each of the jurisdictions adopt a policy statement that the provision of adequate, affordable and quality child care is a critical need in our County. (statement attached) We further urge that each jurisdiction take positive steps to encourage the provision of adequate facilities. These steps should include:

1) Incorporating the policy statement into the General Plan and appropriate elements of the Plan.

2) Directing local planning staff to participate in workshops convened by the Mayors Conference or a child care coordinating body to share data and increase coordination on child care issues and the permitting process.

3) Cooperating with a coordinating agency to develop data on child care needs in the individual communities so as to better identify the existing and future needs.

4) Providing clear guidelines and support and assistance in the permitting process and providing clear information about the standards and criteria applied to child care facilities. Provide this information to the state licensing office.

5) Keeping fees as low as possible and, in particular, avoid burdensome fees on family day care home providers, who are least able to afford it.

6) Avoiding financially burdensome conditions of approval, consistent with health and safety requirements.

7) Complying with SB 163, particularly the section which provides for administrative review of large family day care homes.

Policy Statement

It is the policy of _____ to assist and encourage the development of adequate, affordable and quality child care in this community. In pursuit of this goal, _____ will strive to simplify regulations and the permitting process, minimize fees, and shorten the approval process. It is the policy of _____ to approve permits for child care facilities unless there is a demonstrated reason not to. _____ supports the principle of parental choice for child care and the need for a variety of options, available in the community, including schools, child care centers, family day care homes and employment sites. _____ encourages the participation of parents, providers, public officials and employers in the planning and decision making process relating to the provision of child care facilities

Reason Behind Implementation Recommendations

#1: If progress is to be make in meeting the child care needs of our County, each jurisdiction must officially recognize child care as a critical need of its citizens.

#2: Child care needs must be addressed by each local jurisdiction; however, it is important that there be coordination and some level of consistency between jurisdictions.

#3: Some cities may have more demand for child care than others. It is important to identify where the needs exists.

#4: The first interface between a child care provider and a permitting agency is generally the local staff. It is at this point that the provider is either encouraged or discouraged in proceeding with the process. Establishment and communication of clear guidelines and the provision of good staff support and assistance will translate into more facilities entering the licensed child care system.

#5: Adequate child care is a necessary service. Fees set high enough to discourage such facilities only result in unsupervised children. This can lead to undesirable social consequences and further public costs. Governments should work to remove unnecessary barriers to the provision of proper care.

#6: Basic requirements should deal with traffic, parking and noise and should be reasonable. Requirements having to do with landscaping and design should be no more stringent than those for other buildings in the zone in which the permit is allowed.

#7: The purpose of this law is to meet the need for child care by making large family day care homes easier to establish. Facilities of this type may particularly help meet the need for after-school care. Small groups of school-age children going to a facility near their school may prove to be less disruptive of neighborhoods than other, larger facilities. When school facilities are not available for after-school care, large family day care homes may help solve the before and after school transportation problem.

CHILD CARE TASK FORCE REPORT
LEGISLATIVE POSITIONS

DECEMBER 1985

APPENDIX B

Federal:

1. HR 2867 (Miller, et al) to improve and expand child care services and early childhood education services; bill is result of Select Committee on Children, Youth and Families.

2. To maintain child care food program.

3. To retain and expand employer cafeteria benefit plans without penalty to taxpayer.

State:

1. AB 55 (Brown) to provide $50 million expansion of general and categorical child care programs; CCTF proposed that author and legislators consider the use, now and in the future, of local broad-based community public/private partnership child care planning organization(s) as a vehicle for distribution or approval of distribution of funds.

2. SB 303 (Roberti) to provide $100 million for local school districts for capital expenditures and operating costs of latch key programs; CCTF proposed that author and legislators consider the use, now and in the future, of local broad-based community public/private partnership child care planning organization(s) as a vehicle for distribution or approval of distribution of funds.

3. SB 864 (Hart) to give tax credits to employers of 50% of start-up expense up to $30,000 and 30% of child care program operating expense; CCTF proposed ceiling be eliminated.

4. AB 1939 (Wright) to give tax credits to employers of 50% of start-up, up to $10,000 and % of child care program operating expense; CCTF proposed ceiling be eliminated.

5. SB 566 (Bergeson) to make child care buildings eligible for local revenue bond.

6. SB 711 (Watson) to authorize voter consideration of $100 million State Revenue Bond Act for child care facilities.

7. AB 1007 (Hayden) to allow local jurisdictions to assess child care fees from developers; reduces or excuses fees if developer provides on-site child care services. CCTF position: "continue to observe".

8. SB 43 (Seymour) to bring State personal child care tax credit into compliance with Federal allowances. In addition, provides for refund of child care tax credit to non-tax paying filers.

9. AB 2175 (LaFollette) to provide additional $5 million state funding to expand Alternative Paymant (income eligible parents choose child care provider) programs to counties with no existing program or with long waiting lists.

10. SB 1474 (Seymour) to establish a liability insurance pool for child care operators.

CHILD CARE TASK FORCE REPORT
ESTIMATED COSTS OF NEW & INCREASED SERVICES

DECEMBER 1985

## APPENDIX C

The following costs are only estimates of costs based on the best available information. A refined, detailed, phased budget will be developed by the Board of Directors of the new organization.

### System Coordination, Management and Annual Evaluation

To be done by new coordinating organization at approximately $75,000 annual costs.

### Child Care Fund

Start-up costs for development and adoption of criteria $30,000. Supplementary operating costs for monitoring at 2000 visits per year estimated at $50,000.

Average cost per child $3,000 x 500 children = $1,500,000. Beginning in January, 1986, add 100 children per year. Added costs: 1986 = $330,000; 1987 = $660,000; 1988 = $990,000; 1989 = $1,320,000; 1990 = $1,650,000. Administrative agency to be determined. (500 children are about one-tenth of those whose families need assistance to afford quality childcare).

### Caregiver Training

Training to be done by Community Colleges or other appropriate agency at annual cost of $208,000 to train 1600 caregivers.

### Information and Referral Services

Increase in level of service needed at annual cost of $75,000.

### Sick Child Care Services

At estimated start-up costs of approximately $135,000 and annual operating costs of $240,000.

Public_and_Consumer_Education

Additional resources will be needed to adequately educate the public and consumers. A budget will be developed.

Development_of_Direct_Services

Increase level of developmental services, at a cost of $25,000 annually.

Space,_Site_or_Facility_Development

To be done by agency to be determined at cost of $20,000 for six months.

Caregiver_Assistance_with_Capital_Improvements

Proposed to be offered as a part of the new operations at start-up cost of $1,000,000 plus annual operating costs of $50,000. To be administered by agency to be determined beginning in January, 1986.

Recreation_Programs_for_School_Aged_Children

Annual costs of $1,250,000.

CHILD CARE TASK FORCE REPORT
NEW PROJECT RECOGNITION

DECEMBER 1985

## APPENDIX D

## RECOGNITION OF NEW PROJECTS AFFECTING THE AREA

The Child Care Task Force recognizes the following recent developments in child care services in Contra Costa, and in adjacent communities which are models of local initiative.

### Bishop Ranch Employees' Child Care Referral Service

Bishop Ranch Business Park and several of its major occupant employers, Pacific Bell and Sunset Development have arranged for the Contra Costa Children's Council to provide specialized child care resource and referral services to Bishop Ranch employees. Resulting information on demand and utilization will be used to develop additional child care services.

### California Child Care Initiative

BankAmerica Foundation, in conjunction with the California Child Care Resource and Referral Network, designed a child care services recruitment and training project for testing in six areas of the State. The Foundation secured financial support from Chevron, U.S.A., Inc.; Clorox; Mervyn's; the City of San Francisco; and Contra Costa County. Contra Costa was selected as a test site, with the Contra Costa Children's Council conducting local recruitment and retention efforts and arranging for caregiver training.

### Hilltop Business Park

Chevron Land Development set aside space in its development adjacent to Hilltop Shopping Center for a child care center. They then secured a private child care operator to provide services in the facility to families working or living in the area.

### Child Care Assistance with Quality Assessment

As a result of United Way of the Bay Area's Strategies For A Decade community problem solving committee, United Way issued a request for proposals for an innovative child care cost assistance program which will also measure the quality of programs selected by eligible families for their children. Follow-up services are expected to include program and operational development suggestions for caregivers. High quality caregivers are expected to be able to receive recognition in the form of higher fees for the services provided.

Child Care Alliance for Resource and Development

The City of Concord directed $ 215,200 of its general fund to a new organization whose purpose is to develop child care resources for Concord residents. The organization expects to contract with direct child care services providers for expanded information and referral services and educational awareness, caregiver development and family cost assistance in conjunction with employers. In addition, the City augmented its Leisure Services Department budget with $100,000 for after school child care this fiscal year.

Hacienda Business Park

Just across the county line from Contra Costa's southern edge, Hacienda Business Park draws employees from Contra Costa County. It is developing a "state-of-the-art" child care facility within the business park for the use of occupant company employees.

National Association for the Education of Young Children's Center Self Evaluation Project

The NAEYC has developed a child care center self-assessment tool which will be made available to local centers (for a fee) for their use in measuring their effectiveness and program quality.

San Ramon Valley Child Care Alliance

This organization is developing school site child care programs for school-aged children in the San Ramon Valley. They have convened school administrators, child care providers and community members to develop resources to serve children at four elementary school sites.

Cherub Child Care Center

Joint management-employee effort of V.A. Hospital and Kaiser Hospital in Martinez.

Orinda School District

Before and after school care.

# California Child Care Resource and Referral Network

Summary Findings
Bay Area Child Care Information Project
April 9, 1984

SUPPLY FACTS

- In 1983, there were 3,000 active family day care homes and 1,030 group child care centers with the capacity to serve over 75,000 children in the five Bay Area counties.

- Almost 3 in 4 child care spaces were in child care centers rather than family day care homes.

- 30 percent of the total capacity in day care homes and centers (almost 23,000 spaces) is subsidized for low income families with public dollars. Almost all of the subsidy is in child care centers.

- The Bay Area received over $67,000,000 in 1983 for child care services to income eligible children from two major sources of government support: State Department of Education - Child Development Division ($58,500,000) and Head Start (federal).

- Almost one in ten centers received United Way funds in 1983; slightly fewer received grants from private foundations and corporations. To make ends meet, one-third sponsored fund-raisers and 20 percent solicited donations.

- In 1983, child care fees averaged $2,900 a year for fulltime care (8-10 hours/day) of one preschool child in private care. Average fulltime infant care fees were over $4,000 annually in centers and $3,000 in homes. Fees were highest in Marin and San Francisco.

- Over half of all centers in the Bay Area are non-profit. One quarter are government-sponsored, primarily by school districts, Park & Rec. Depts. and city or county government. The remaining 25 percent are for-profit businesses, mostly "mom and pop" in nature rather than chain operations.

- Family day care homes offer a wider range and greater flexibility of services than child care centers in terms of ages of children served and hours of care: 76% of homes offer infant care; 59% afterschool services; 15% night-care; 79% partweek; 10% weekend. Only 7 centers have nightcare programs; 5 are open on Saturday. Full day is preferred.

Patty Siegel,
Executive Director

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## APPENDIX E

It is well documented that there is a rapidly growing need for affordable, quality child care for working parents. However, statistics are gathered by various agencies using slightly different methodologies and time frames, and hence, although the numbers show the same general trends, they differ somewhat from source to source.

Therefore, Appendix E contains background data information regarding the need for health care from several sources. The following materials have been included:

- California Child Care Resource and Referral Network Summary of Findings: Bay Area Information Project, April 9, 1984.

- Who Needs Child Care and Why? Demand and Demographics and the Contra Costa County Child Care Report, prepared by the California Child Care Resource and Referral Network.

- A summary of the number of licensed family day care homes and licensed day care centers in Contra Costa County prepared by the Contra Costa Children's Council, November 1985.

- The Child Care Gap for School Age Children, prepared by the Contra Costa Children's Council, July 1984.

# Who Needs Child Care and Why? Demand and Demographics

## Population and Labor Force Trends Shaping Demand for Child Care

By 1985, child care centers and day care homes in the Bay Area will be able to serve only sixty percent of the children between 0–9 who need child care while their parents work. This discrepancy between the supply of child care services and working families' need for care is the result of an overwhelming demand that is unprecedented. Today, child care is a service that virtually all the children in a community need at some time for one reason or another. For many working families, however, child care is essential to their economic survival.

Demand for child care has been growing as the result of changes in the economy, the workforce, the population of young children and the composition of families. The demand for child care expands and contracts in reaction to economic changes—job growth and parents' need to work—as well as fluctuations in the supply and cost of different child care arrangements, the availability of family members for child care and public attitudes about the quality of child care services and their effect on children.

*Locally and nationally, there are several population and labor force trends that will cause an increase in the demand for child care services in the community.*

### Increase in the Number of Children 0–9 years, 1980–2000

By 1990, there will be over 73,000 more children between 0–9 years in the Bay Area than in 1980. This is an increase of almost 20 percent. This rapid growth is the result of a "baby boomlet" produced by the large number of women now in their childbearing years, especially those in their 30s and 40s who had postponed marriage and childbirth. The large Hispanic and Southeast Asian immigrant populations in the Bay Area as well as the number of families seeking employment in the region also contribute to the increase in young children.

By 1985, the number of children under five will peak at about 235,000. This means that the need for infant and preschool care during these years will increase. As these children grow older, the need for school-age care will mushroom in the last half of the 1980s.

Although the number of children under 10 years will decrease slightly during the 1990s, there will be a net increase of 41,000 children in the Bay Area during the period 1980–2000. This dramatic increase in the number of children will place a severe strain on the already limited supply of child care. (See chart this page.)

### Decrease in Family Size and Fertility Rates

Families are smaller today for a variety of reasons. People are having fewer children; and grandparents are less likely to live with the family. Men and women are marrying at later ages and delaying childbirth for longer periods while establishing themselves in the workplace. The Census Bureau projects today's young families will average two children, down from an average of three for their parents' generation. In fact, except for the late 1940s and early 1950s, women's fertility rates have been declining since the 1900s.

The downward trend in fertility rates is expected to continue, with one in five young women of today expecting to have only one child or none at all. Fewer than one in ten will have four or more children. Women with smaller families are more likely to work and utilize child care.

**Growth in number of Children 0-9 yrs.: 1980-2000**

**Projected number of children 0-9 yrs.**

| | 1980 | 1985 | 1990 | 2000 | % Increase 1980-2000 |
|---|---|---|---|---|---|
| Bay Area | 385,520 | 432,510 | 459,060 | 426,490 | ↑11% |
| County | | | | | |
| Alameda | 143,750 | 158,290 | 168,390 | 159,530 | ↑11% |
| Contra Costa | 90,020 | 100,230 | 109,210 | 109,420 | ↑22% |
| San Mateo | 68,390 | 75,600 | 79,780 | 69,780 | ↑ 2% |
| San Francisco | 80,290 | 75,420 | 78,230 | 83,560 | ↑ 6% |
| Marin | 23,070 | 22,970 | 23,450 | 24,200 | ↑ 5% |

Source: State Department of Finance

*By the year 2000, there will be over 40,000 more children 0-9 years living in the Bay Area*

- Child care centers serve mostly preschoolers beginning around 2 1/2 years old, the majority on a partday basis. Only 40 percent of enrollment capacity is fulltime care.

- Only 2% of family day care capacity and 2% of center capacity are children enrolled in programs outside the county where they live. The majority of parents still prefer arrangements close to home.

- Despite high unmet need, there are vacancy rates of 24% of capacity in homes and 11% in centers. Poor quality, high cost, wrong location, hours or ages served and high turnover cause under-enrollment.

DEMAND FACTS

- By 1985, child care centers and family day care homes in the Bay Area will be able to serve only 60% of the children from birth - 9 years needing care while their parents work. Over 11,000 children under 6 and 41,000 aged 6-9 years cannot be served by existing services by next year.

- Based on the increasing number of infants and preschoolers, the rising number of single parent families, the burgeoning number of working mothers with young children and changes in women's work patterns, the number of child care spaces needed will grow from the 75,000 available in 1983 to over 128,000 by 1985.

- In 1983, the 8 CCR&R agencies handled child care requests for over 45,000 children, almost 10 percent of the entire Bay Area population of children under 10 years. Nearly half were infants and toddlers under 2; over three-quarters had working parents and over half needed care fulltime.

- There are 385,000 children 0-9 years living in the Bay Area. There well be over 73,000 more by 1990 - an increase of almost 20% in 10 years - due to: the recent "baby boomlet" produced by the large number of women of childbearing age; the grwoing Hispanic and Southeast Asian populations; and the influx of families seeking employment in the Bay Area.

- More than half of the mothers with children under six in the Bay Area are in the labor force. For children 6-17 years, the figure is over two-thirds. Both figures are above the rates for California and the nation.

- The majority of parents of infants and toddlers request home-based child care arrangements with loving caregivers, small groups of children and a family atmosphere. Requests for preschoolers are usually for group centers, particularly those with educational components. Parents with school-age children seek either type of arrangement depending upon their child's maturity, independence and need for adult supervision.

These trends in lower fertility and smaller families significantly affect the types of child care arrangements available to families.

- Having fewer children who are spaced close together reduces the likelihood of older children caring for younger brothers and sisters. This also lessens the opportunity for younger children to model older brothers and sisters and to learn socialization skills at home. As a result, the preschool experience becomes increasingly attractive to today's parents.
- Families with fewer children are better able to afford the cost of child care services in the community.
- Older parents who are more established in their careers are better able to afford child care fees.
- Families less likely to include grandparents or other relatives do not have access to these traditional forms of in-home care.

### Increase in Proportion of Families Supported by Women

The most far-reaching change taking place in the structure of U.S. households is the increase in the proportion of families supported by women. This revolution in family structure over the past 25 years has been caused by: the doubling of divorce rates; the tripling of birth rates for unmarried women; and the increasing trend for single mothers to set up their own homes rather than live with relatives. The number of families supported by women will continue increasing, although at a slower rate.

Child care is an essential service for families supported by women because it enables them to work, providing up to 70 percent of total family income from their earnings. Although the median income for children in these families is barely one-third that for children living with both parents, it can make the difference between poverty and an adequate standard of living.

### Increase in the Number of Mothers in the Labor Force and the Proportion Working Fulltime / Year-round

In 1980, over half of the mothers with children under six in the Bay Area were in the labor force. Over two-thirds of mothers with children 6–17 years were working. These rates are higher than those for California and the nation.

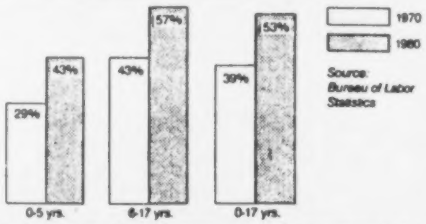
The Bay Area mirrors what has become a national phenomenon: the unprecedented numbers of mothers in the workforce, especially married women with children under three years. The overall labor force participation rate of mothers with children under six in the U.S. has increased four-fold from 12 percent in 1947 to 47 percent in 1980. By 1982, this figure had increased another 1 percent. This rate is expected to increase throughout the decade, resulting from deep changes in economic conditions, family structure, women's work patterns and attitudes about women's roles at home and in the workplace. (See chart.)

Changing economic demands have pushed women into the labor force during difficult periods in our nation's history (1930s, W.W. II). Women left the workforce and returned to the home when the economy improved or when men returned to replace them on the job. Despite similar recessionary trends today, it is unlikely that mothers' participation in the labor force is a temporary phenomenon. Their numbers have been increasing almost continuously over the past 40 years. By 1980, nearly one in two mothers in the U.S. with children under six were either working or looking for work; those with older children (6–17 years) did so in even greater numbers (64 percent).

Women today are working during their 20s, establishing positive expectations about work, careers, and their economic benefits. For these reasons, they are more likely to remain in the labor force after marrying and having children. They will return to work earlier after the birth of their children than mothers in any previous generation. Today, over 40 percent of mothers taking leave are back at work before their child is one year old.

These trends have created a huge demand for all types of child care services that outstrips the supply of programs and providers. Infant care needs are especially acute not only because so few programs exist for this age group, but also because the unprecedented level of demand was both overwhelming and unanticipated.

### Growth in Percent of Children with Mothers in the Workforce in U.S.: 1970-1980




*During the 1970's, the proportion of working mothers increased from 4 in 10 in 1970 to over 1 in 2 by 1980.*

### Demand for Child Care Will Grow Because Of

—increase in the number of children 0-9 years
—decrease in family size and fertility rates
—increase in the proportion of families maintained by women
—increase in the number of mothers with young children in the labor force
—increase in the proportion of employed mothers working fulltime/year-round

A critical labor force trend with profound effect on child care demand is women's increasing involvement in fulltime, year-round employment. The proportion of mothers working more hours, more regularly throughout the year is growing for women in both single and two-parent families and for women with children of all ages. Women who work fulltime are more than twice as likely to use child care centers than parttime working mothers. As this revolution in women's attachment to work occurs, the demand for group child care programs—as well as family day care homes—will mushroom.

**Mothers Most Likely to Use Child Care Centers For Children Under 6 Years**

- work fulltime
- have a relatively high family income ($25,000)
- youngest child is at least 3 years old
- Black women more likely than white women
- work in white collar occupations
- live in metropolitan or suburban areas
- are single mothers
- are well educated (at least one year of college)

**Child Care Arrangements of Working Mothers with Children Under 5 Years**

June, 1982

Percent of mothers using

| | |
|---|---|
| Relative | 29% |
| Mother or Father | 23% |
| Family Day Care/Friend/Neighbor | 22% |
| Child Care Center | 15% |
| Babysitter in child's home | 5.5% |

## Changes in Child Care Arrangements of Working Families

The changes taking place in the labor force and in families will create a growing demand for child care services outside the traditional family and neighborhood resources. The decreasing availability of spouses, siblings, relatives and friends for child care has caused more working parents than ever before to turn to family day care homes, day care centers, nursery and preschools, afterschool programs and other group care settings to meet their child care needs.

Surveys conducted with working mothers by the Census Bureau from 1958 to 1982 document the growing use of day care homes and centers by families at all socioeconomic levels, although it is highest for centers for children with fulltime working mothers and families with annual incomes over $25,000.

The growing acceptance of group care experiences for young children means that even when mothers are not working, they are likely to use some type of child care service. Nursery school enrollment for 3-4-year-olds has doubled over the past 10 years in the U.S. from slightly over 1 in 5 to 2 in 5. The National Center for Education Statistics forecasts a 33 percent rise in nursery/kindergarten enrollment for 3-5-year-olds between 1980 and 1990, the largest gain projected for any level of education.

Increasingly, working parents rely on part-day nurseries and preschools in combination with other resources to provide full-day care for their preschool-age children. In 1982, one in five parents using more than one child care arrangement were combining part-day centers with other arrangements to make fulltime care.

The most recent Census Bureau survey (June, 1982) of working mothers whose youngest child was under 5 years old indicates that the use of child care centers has continued to increase, from 12.5 percent in 1977 to 15 percent in 1982. However, use of group care centers is higher for some working mothers than others, a fact that is usually, although not always, associated with ability to pay. Family structure also affects use of centers. Single mothers are more likely to use this form of care because there is no spouse to share child care responsibilities. (See charts above.)

In 1982, over one out of five working mothers with young children were using child care in the home of a non-relative. Fulltime working mothers used these arrangements more often than mothers working only parttime. Care in a non-relative's home—which includes family day care—declined slightly since 1977. The rise in use of centers probably contributed to this pattern. However, the decreasing availability of day care home providers and neighbors as they join the workforce may be the major reason why they are providing care to fewer families. This trend may mean that families will have fewer options from which to choose.

There were also fewer families using care in their own home in 1982 as relatives were less available and babysitters were harder to find. Fathers continued to be an important resource, accounting for 14 percent of child care arrangements. However, almost one quarter were unemployed and looking for work. Child care duties for these fathers can, at best, be considered transitory arrangements until they return to the workforce.

In all, mothers and fathers provided 23 percent of all child care arrangements in families where the mother was working, a slight decline since 1977. Dual-working families where both parents worked in blue collar or service occupations were most likely to share child care tasks, probably because of shift and nighttime work. While this working arrangement solves the child care problem, it puts a severe strain on family relationships.

As more mothers join the workforce, the shift away from care in the child's home to care outside the home in centers and day care homes will escalate. The reduced number of potential caregivers in the child's home; the increase in families headed by women; the decline in family size and the increase in public acceptance of the benefits of group child care experiences for young children will create new demand for child care services in the community.

## Demand for Child Care in the Bay Area

In 1983 the eight Bay Area CCR&R agencies received requests for child care for over 45,000 children. This was almost 10 percent of the entire population of children under 10 years. Because these requests are from parents who are actively looking for child care programs, they accurately represent expressed needs which many child care analysts believe are the most reliable indicators of unmet needs. Parents were seeking either a "first time" arrangement or a situation to replace one that their child had outgrown or that had simply broken down. Surveys indicate that many parents have to find new arrangements an average of twice each year.

The overwhelming majority of the 45,000 children needing child care—over 3 out of 4—required an arrangement while their parents worked or looked for work. Almost one in ten had a parent in school or a job training program. Over half will be in care on a fulltime basis, usually 8-10 hours a day, Monday through Friday. Others needed care for only a portion of the day or week on a regular basis, or temporarily

during family crises, illness or school vacations. An estimated 12% requests were received for ongoing care at night, on the weekends or for rotating shifts.

Almost half of the children needing care were infants and toddlers under 2 years old, a proportion that has been rising 1-2 percent each year as more of their mothers enter the workforce. One in ten is a school-age child, usually K-9 years, for whom parents feel services before and/or after school are appropriate.

As we have seen from the national trends in child care use, the types of services parents are requesting vary with the number and ages of their children, family income, amount and schedule of care needed (days/hours), family child-rearing values, developmental needs of the child as well as parents' attitudes about the stability and reliability of various types of caregivers and programs.

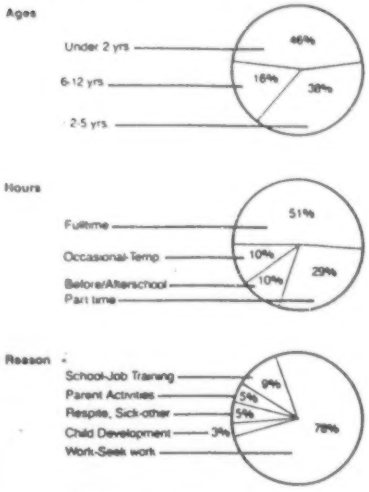
Parents of infants and toddlers most often request home-based services, looking for family environments, loving providers and small groups of children, although the proportion seeking infant centers is increasing. Requests for preschool-age children are overwhelmingly for formal center-based care, especially programs with an educational atmosphere. Parents with school-age children seek programs most suited to their child's level of maturity, independence and need for adult supervision. Families usually attempt to use the same arrangement for all their children, unless age differences are so great that this is not possible.

There are also seasonal variations in demand for child care in the Bay Area. The highest volume of requests are in the fall when parents look for preschools and day care centers for their prekindergarten children and afterschool services for the K-9 year olds. At this time, more students need child care as universities and colleges begin their busiest enrollment period. In January, demand is again at high levels although infant and fulltime requests are more numerous. In late spring, 1 in 5 requests are for summer care while elementary schools are closed for July and August. Preschooler needs also increase while part-day nurseries shut down for summer vacations. Needs from working parents peak at this time as students graduate and enter the job market.

(See charts this page.)

**Demand for Childcare in the Bay Area: 1983**

**Data on child care requests for 11,275 children during three representative months: 9/82, 1/83, and 5/83**




*Source: Child Care Resource and Referral Agencies*

**Facts About Children and Families in the Bay Area: 1980 Census**

—There are 385,000 children 0-9 years living in the Bay Area. Almost one third are infants and toddlers, under the age of three.

—There will be over 73,500 more children 0-9 years in the Bay Area by 1990, an increase of almost 20% in 10 years.

—One in five children live in single parent families.

—Children 0-14 years are quite racially diverse, including 17% Black; 13% Asian and slightly under 1% Native American. 17% are of Hispanic origin.

—Over one in five children 5-17 years speak a language other than English at home.

—Over one in ten families with children live in poverty.

—Families with two or more workers earn 37% more in family income than those with one worker.

—Over half the mothers with children under six are in the labor force. For children 6-17 years, the figure is over two-thirds.

—Median income of families with children ranged from a high of $29,721 for married couples in Marin to a low of $11,037 for single mothers in Alameda County.

**Need for Child Care for Working Families in the Bay Area: 1985**

| Age | Projected # of Children: 1985 | X | Estimated % Mothers in Labor Force in Bay Area: 1985* | = | #Children in Working Families | X | % Needing Care Outside Family | = | Potential # Children Needing Care in the Community |
|---|---|---|---|---|---|---|---|---|---|
| 0-5 yrs | 273,720 | X | 53% | = | 145,070 | X | 50% | = | 72,535 |
| 6-9 yrs | 158,786 | X | 70% | = | 111,150 | X | 50%** | = | 55,575 |
| Totals | 432,506 | | | | 256,320 | | | | 128,110 |

*Project 2% increase over 1980 Census data for SF-Oakland SMSA

**Based on estimates for preschool children. No separate data available for school-age.

## Unmet Need for Child Care Services in the Bay Area

National surveys of working mothers with young children have found that about half must rely on sources of care within the community: babysitters in the child's home, family day care homes and child care centers.

By using this estimate of demand for care outside family resources together with 1985 State Department of Finance projections of child population, the following projections of child care needs for working families can be derived: (See chart this page.)

How many of these 128,000 children 0–9 years needing child care in 1985 can actually be served by the present supply of day care homes and child care centers? The answer is only 6 in 10 children. Over 11,000 children under 6 years old and as many as 41,000 children 6–9 years old could not be served in existing programs by 1985. The problem will be especially acute for infants and toddlers under 2½ years old, and for young school-age children (kindergarten–7 years old) who are more likely than older school-age children to use a formal afterschool program.

How these children will be cared for while their parents work, or go to school or job training programs, is crucial to their social and emotional development. It is an overriding concern of parents, employers and policymakers whose responsibilities include the welfare of children.

Families cannot prosper if raising their children and earning a living are constantly at odds with one another. Parents need help juggling these roles. Quality, reliable child care at a price families can afford will not only help parents with their juggling act, but it will also contribute to a stable workforce, a strong economy and a healthy society.

These trends in lower fertility and smaller families significantly affect the types of child care arrangements available to families.

- Having fewer children who are spaced close together reduces the likelihood of older children caring for younger brothers and sisters. This also lessens the opportunity for younger children to model older brothers and sisters and to learn socialization skills at home. As a result, the preschool experience becomes increasingly attractive to today's parents.
- Families with fewer children are better able to afford the cost of child care services in the community.
- Older parents who are more established in their careers are better able to afford child care fees.
- Families less likely to include grandparents or other relatives do not have access to these traditional forms of in-home care.

### Increase in Proportion of Families Supported by Women

The most far-reaching change taking place in the structure of U.S. households is the increase in the proportion of families supported by women. This revolution in family structure over the past 25 years has been caused by: the doubling of divorce rates; the tripling of birth rates for unmarried women; and the increasing trend for single mothers to set up their own homes rather than live with relatives. The number of families supported by women will continue increasing, although at a slower rate.

Child care is an essential service for families supported by women because it enables them to work, providing up to 70 percent of total family income from their earnings. Although the median income for children in these families is barely one-third that for children living with both parents, it can make the difference between poverty and an adequate standard of living.

### Increase in the Number of Mothers in the Labor Force and the Proportion Working Fulltime / Year-round

In 1980, over half of the mothers with children under six in the Bay Area were in the labor force. Over two-thirds of mothers with children 6–17 years were working. These rates are higher than those for California and the nation.

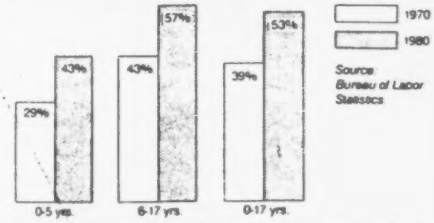
The Bay Area mirrors what has become a national phenomenon: the unprecedented numbers of mothers in the workforce, especially married women with children under three years. The overall labor force participation rate of mothers with children under six in the U.S. has increased four-fold from 12 percent in 1947 to 47 percent in 1980. By 1982, this figure had increased another 1 percent. This rate is expected to increase throughout the decade, resulting from deep changes in economic conditions, family structure, women's work patterns and attitudes about women's roles at home and in the workplace. (See chart.)

Changing economic demands have pushed women into the labor force during difficult periods in our nation's history (1930s, W.W. II). Women left the workforce and returned to the home when the economy improved or when men returned to replace them on the job. Despite similar recessionary trends today, it is unlikely that mothers' participation in the labor force is a temporary phenomenon. Their numbers have been increasing almost continuously over the past 40 years. By 1980, nearly one in two mothers in the U.S. with children under six were either working or looking for work; those with older children (6–17 years) did so in even greater numbers (64 percent).

Women today are working during their 20s, establishing positive expectations about work, careers, and their economic benefits. For these reasons, they are more likely to remain in the labor force after marrying and having children. They will return to work earlier after the birth of their children than mothers in any previous generation. Today, over 40 percent of mothers taking leave are back at work before their child is one year old.

These trends have created a huge demand for all types of child care services that outstrips the supply of programs and providers. Infant care needs are especially acute not only because so few programs exist for this age group, but also because the unprecedented level of demand was both overwhelming and unanticipated.

**Growth in Percent of Children with Mothers in the Workforce in U.S.: 1970-1980**




*During the 1970's, the proportion of working mothers increased from 4 in 10 in 1970 to over 1 in 2 by 1980.*

**Demand for Child Care Will Grow Because Of**

—increase in the number of children 0-9 years
—decrease in family size and fertility rates
—increase in the proportion of families maintained by women
—increase in the number of mothers with young children in the labor force
—increase in the proportion of employed mothers working fulltime/year-round

A critical labor force trend with profound effect on child care demand is women's increasing involvement in fulltime, year-round employment. The proportion of mothers working more hours, more regularly throughout the year is growing for women in both single and two-parent families and for women with children of all ages. Women who work fulltime are more than twice as likely to use child care centers than parttime working mothers. As this revolution in women's attachment to work occurs, the demand for group child care programs — as well as family day care homes — will grow.

## A Portrait of Family Day Care Homes

**Homes**

Based on a telephone survey of active family day care providers listed with Child Care Resource and Referral agencies as of April, 1983

| | |
|---|---|
| Total # of Licensed Homes | 840 |
| # Large Group Homes (7-12 children) | 143 |
| # Homes with Weekend Care | 49 |
| # Homes with Night Care | 101 |
| # Homes with Afterschool Care | 514 |
| Total # Children-Licensed Capacity | 5,898 |
| # Children whose care is publicly subsidized | 113 |
| # Children who live outside of county | 99 |
| # Children with disabilities | 93 |

Ages of Children in Care April-June, 1983

| | % of Homes |
|---|---|
| Under 3 months | 10 |
| 3-6 months | 19 |
| 7-23 months | 71 |
| 2 years | 53 |
| 3-5 years | 56 |
| K-9 years | 50 |
| 10-12 years | 11 |

## A Portrait of Child Care Centers

**Centers**

Based on a mailed questionnaire sent to child care centers listed with Child Care Resource and Referral agencies as of April, 1983

Total # of Child Care Centers: 176

| # Centers Serving: | | | # Slots Capacity |
|---|---|---|---|
| Infants | 21 | (12%) | 346 |
| Preschool | 160 | (91%) | 7,742 |
| Schoolage | 61 | (35%) | 1,554 |

| # Centers Offering: | | | # Slots Capacity |
|---|---|---|---|
| Fullday | 97 | (55%) | 3,689 |
| Partday | 121 | (69%) | 4,399 |
| Afterschool | 61 | (35%) | 1,554 |

Total # of Children Enrollment Capacity: 9,642

| | |
|---|---|
| # of children whose care is publicly subsidized | 3,051 |
| # of children who live outside of county | 152 |
| # of children referred by Child Protective Services | 17 |

Center Legal Status

| Status | # Centers |
|---|---|
| Public | 19 |
| Private Non-Profit | 99 |
| For Profit | 53 |

Center Sponsors

| Sponsor | # Centers |
|---|---|
| School District | 9 |
| Community College District | — |
| Other Government Agency | 10 |
| University | — |
| Religious | 31 |
| Private Agency | 10 |
| Chain/Franchise | 5 |
| Other Sponsor | 6 |

County Child Care Report — Contra Costa County

**Highlights:** How does Contra Costa compare to the other four Bay Area counties — accounts for half of population growth in the Bay Area over the next 20 years, due mostly to population explosion in rural East Contra Costa County — second highest increase in number of new jobs over the next 20 years (115,500) — greatest increase in percentage of children 0-9 years by the year 2000 (22%) — highest proportion of total capacity in family day care homes (38%) versus child care centers (62%)

**Unmet Need for Child Care for Working Families in Contra Costa County: 1985**

Need

| Age | Estimated # of Children with working parents needing child care services (1985) | Total # Slots Centers & Homes (1983) | # Children UNMET NEED |
|---|---|---|---|
| 0-5 years | 14,961 | 12,958 | 2,003 |
| 6-9 years | 13,119 | 2,582 | 10,537 |
| TOTAL | 28,080 | 15,540 | 12,540 |

**Requests for Child Care in Contra Costa County: 1983**

Demand

Child Care Resource and Referral agencies handled requests for 10,615 children needing care.

| Hours | | Ages | | Reasons | |
|---|---|---|---|---|---|
| Fulltime | 65% | Under 2 years | 44% | Work/Seek Work | 75% |
| Parttime | 33% | 2-5 years | 34% | School/Job Training | 9% |
| Before/After School | 13% | 6-12 years | 22% | Parent Activities | 5% |
| Occasional/Temporary | 9% | | | Respite-Sick-Other | 2% |
| | | | | Child Development | 5% |

**Supply of Child Care Centers and Day Care Homes**

Slots

Number of Slots for May, 1983

| | | |
|---|---|---|
| 38% | Family Day Care Homes | 5,898* |
| 42% | Private Child Care Centers | 6,582 |
| 20% | Public Subsidized Child Care Centers | 3,060 |
| | Total Slots | 15,540 |

*Based on number of active homes on file with Child Care Resource and Referral agencies.

**Cost of Child Care**

Fees

Average child care fees in private centers and day care homes as of June, 1983

| Hours & Ages | Child Care Centers | Family Day Care Homes |
|---|---|---|
| Fulltime | | |
| Infants | $ 230/month | $ 200/month |
| Preschool | $ 237/month | $ 206/month |
| Parttime | | |
| Infants | $1.55/hour | $1.55/hour |
| Preschool | $1.75/hour | $1.55/hour |
| Schoolage | | |
| Before/Afterschool | $1.30/hour | $1.65/hour |

cont'd

County: Contra Costa

CONTRA COSTA CHILDREN'S COUNCIL

| AREA | LICENSED FAMILY DAY CARE HOMES # SLOTS | # HOMES | LICENSED DAY CARE CENTERS # SLOTS | # CENTERS | TOTAL # SLOTS | # FACILITIES |
|---|---|---|---|---|---|---|
| Central | 3189 | 465 | 6298 | 142 | 9487 | 607 |
| East | 1486 | 211 | 1212 | 28 | 2698 | 239 |
| West | 1955 | 257 | 2965 | 65 | 4920 | 322 |
| Total | 6630 | 933 | 10475 | 235 | 17105 | 1168 |

| CITY | LICENSED FAMILY DAY CARE HOMES # SLOTS | # HOMES | LICENSED DAY CARE CENTERS # SLOTS | # CENTERS | TOTAL # SLOTS | # FACILITIES |
|---|---|---|---|---|---|---|
| Concord/Clayton | 1370 | 206 | 1616 | 37 | 2986 | 243 |
| Pleasant Hill | 365 | 55 | 395 | 16 | 760 | 71 |
| Martinez/Pacheco | 304 | 38 | 567 | 14 | 871 | 52 |
| Walnut Creek | 314 | 48 | 1457 | 27 | 1771 | 75 |
| Lafayette | 64 | 9 | 624 | 12 | 688 | 21 |
| Moraga | 42 | 7 | 262 | 5 | 304 | 12 |
| Orinda | 42 | 5 | 281 | 8 | 323 | 13 |
| San Ramon | 456 | 65 | 215 | 4 | 671 | 69 |
| Danville | 214 | 29 | 580 | 12 | 794 | 41 |
| Alamo | 18 | 3 | 301 | 7 | 319 | 10 |
| TOTAL | 3189 | 465 | 6298 | 142 | 9487 | 607 |

| CITY | LICENSED FAMILY DAY CARE HOMES # SLOTS | # HOMES | LICENSED DAY CARE CENTERS # SLOTS | # CENTERS | TOTAL # SLOTS | # FACILITIES |
|---|---|---|---|---|---|---|
| El Cerrito | 160 | 22 | 244 | 7 | 404 | 29 |
| El Sobrante | 155 | 23 | 448 | 9 | 603 | 32 |
| Hercules | 102 | 14 | 100 | 1 | 202 | 15 |
| Crockett | ø | ø | ø | ø | ø | ø |
| Kensington | ø | ø | 119 | 5 | 119 | 5 |
| Pinole | 274 | 32 | 67 | 3 | 341 | 35 |
| Richmond | 848 | 110 | 1495 | 30 | 2343 | 140 |
| Rodeo | 102 | 13 | 164 | 3 | 266 | 16 |
| San Pablo | 314 | 43 | 328 | 7 | 642 | 50 |
| TOTAL | 1955 | 257 | 2965 | 65 | 4920 | 322 |

AREA: East

| CITY | LICENSED FAMILY DAY CARE HOMES | | LICENSED DAY CARE CENTERS | | TOTAL | |
|---|---|---|---|---|---|---|
| | # SLOTS | # HOMES | # SLOTS | # CENTERS | # SLOTS | # FACILITIES |
| Antioch | 634 | 88 | 358 | 11 | 992 | 99 |
| Pittsburg | 474 | 70 | 531 | 8 | 1005 | 78 |
| West Pittsburg | 132 | 20 | 172 | 2 | 304 | 22 |
| Brentwood | 48 | 8 | 151 | 7 | 199 | 15 |
| Byron | 12 | 1 | Ø | Ø | 12 | 1 |
| Oakley | 186 | 24 | Ø | Ø | 186 | 24 |
| TOTAL | 1486 | 211 | 1212 | 28 | 2698 | 239 |

## THE CHILD CARE GAP FOR SCHOOL AGE CHILDREN

| | Number of children 5-14 years with working mothers | Number of children 5-14 years with working mothers needing care* | Number of spaces in centers and licensed family day care homes | | Gap in child care spaces available for those children needing care |
|---|---|---|---|---|---|
| | | | HOMES | CENTERS | |
| CONCORD/CLAYTON | 9,548 | 4,774 | 77 | 309 | 4,388 |
| MARTINEZ | 2,493 | 1,247 | 25 | 117 | 1,105 |
| PLEASANT HILL | 1,851 | 926 | 31 | 58 | 837 |
| LAFAYETTE | 1,735 | 868 | 3 | 179 | 686 |
| MORAGA | 1,420 | 710 | 2 | 15 | 693 |
| ORINDA | 1,471 | 736 | 2 | 52 | 682 |
| WALNUT CREEK | 4,075 | 2,038 | 40 | 134 | 1,864 |
| SAN RAMON | 1,208 | 604 | 42 | 94 | 468 |
| ALAMO | 378 | 189 | 0 | 13 | 176 |
| DANVILLE | 1,326 | 663 | 24 | 88 | 551 |
| TOTAL | 25,505 | 12,755 | 246 | 1,059 | 11,450 |
| GRAND TOTAL COUNTY WIDE | 49,656 | 24,833 | 555 | 1,348 | 22,930 |

*Studies indicate that approximately 50% of children with working mothers do not need child care due to work schedules, relatives, etc.

Information obtained from the 1980 Census and the Contra Costa Children's Council Child Care Survey of May, 1983.

7/31/84

## THE CHILD CARE GAP FOR SCHOOL AGE CHILDREN

| | Number of children 5-14 years with working mothers | Number of children 5-14 years with working mothers needing care* | Number of spaces in centers and licensed family day care homes | | Gap in child care spaces available for those children needing care |
|---|---|---|---|---|---|
| | | | HOMES | CENTERS | |
| RICHMOND | 6,685 | 3,343 | 67 | 48 | 3,228 |
| EL CERRITO | 1,300 | 650 | 16 | 75 | 559 |
| EL SOBRANTE | 788 | 394 | 18 | 10 | 366 |
| FINOLE | 1,347 | 674 | 40 | 7 | 627 |
| HERCULES | 658 | 329 | 9 | 0 | 320 |
| RODEO | 810 | 405 | 9 | 0 | 396 |
| SAN PABLO | 2,599 | 1,299 | 41 | 0 | 1,258 |
| KENSINGTON | 317 | 159 | 0 | 0 | 159 |
| SAND HILL | 259 | 130 | 0 | 0 | 130 |
| TOTAL | 14,763 | 7,383 | 200 | 140 | 7,143 |
| PITTSBURG | 4,075 | 2,038 | 46 | 59 | 1,933 |
| ANTIOCH | 4,396 | 2,198 | 55 | 10 | 2,133 |
| BRENTWOOD | 426 | 213 | 6 | 80 | 127 |
| DELTA AREAS | 491 | 246 | 2 | 0 | 244 |
| TOTAL | 9,388 | 4,695 | 109 | 149 | 4,437 |

Contra Costa County Draft Plan
Attachment B

## GAIN CHILD CARE

### I. BACKGROUND

On September 26, 1985, Governor Deukmejian signed into law AB 2580, known as the Greater Avenues for Independence (GAIN) Act of 1985. GAIN is the result of a historic bipartisan compromise, a landmark statute that is a comprehensive statewide welfare employment program for AFDC applicants and recipients.

Under GAIN, all able-bodied, nondeferred AFDC applicants and recipients will be required to participate in a structured system of employment-related activities designed to increase their self-sufficiency and chances for unsubsidized employment. One of the unique aspects of the GAIN program is the provision of supportive services while a participant is involved in a GAIN activity. The regulations specifically state that "the state and counties have a responsibility to provide a sufficient level of services to meet the needs of participants..." (EAS 42.710). These services include child care.

The regulations further discuss supportive services and child care (EAS 42.750) as follows:

A. Supportive services shall be provided to GAIN registrants to enable them to participate in GAIN activities or to accept employment opportunities. Participation shall not be required if the needed services are not available, not arranged, or are insufficient to meet the participant's needs.

B. Child care shall be available to every GAIN participant with a child under 12 who has indicated a need for care. Care by family members shall be encouraged, but final choice is left up to the participant.

C. The County Welfare Department (CWD) shall:

1. Promote parental choice by providing flexibility in child care arrangements,

2. Provide payment for and assist in arranging for the continuity of child care, including

child care for participants whose programs demand flexible hours of care, and

3. Coordinate with child care resource and referral agencies, school districts, and other local providers in the development of new child care resources where needed.

D. Child Care Costs

1. GAIN may pay for child care services arranged by participants, but they are not to exceed regional market rates.

2. Participants may choose licensed or exempt care.

3. GAIN funds will be available when a child is temporarily absent from care, for specified reasons.

4. GAIN funds will be available for three months immediately following the discontinuance from AFDC due to earnings.

II. CONTRA COSTA COUNTY GAIN PLAN

As part of the GAIN planning process, the County Welfare Department convened topic-specific committees, one of which dealt with assessing current child care resources to determine how to develop enough child care slots to meet the needs of GAIN participants. As a result, the committee recommended several innovative ideas that are included in Contra Costa County's GAIN plan:

A. Child Care Slot Development

1. The Child Care Needs Assessment for Contra Costa County indicated there is a lack of approximately 1620 child care slots necessary to provide a choice between licensed and exempt care for each GAIN participant. There is also a need for child care during minor illnesses, for handicapped/special need children, and for alternative-hour care.

2. Considering participation in GAIN is not required if child care is not available, the GAIN County Plan requires the Contract Agency to:

a. Develop sufficient licensed day care slots,

b. Pursue the development of on-site care with the school districts,

c. Develop short-term and emergency sick care (see #B & #C below), and

d. Develop care during alternative hours.

3. The Labor Market Needs Assessment included interviews with employers. One of their concerns is absenteeism caused by inadequate child care arrangements at home. Historically, child care is a major barrier to employment. Contra Costa County plans to alleviate this problem with thorough child care slot development. The county plan contains a request for GAIN funds for child care slot development.

B. Sick Child Care

1. A major concern of the GAIN Committee on Child Care and Supportive Services is the total lack of child care for children with minor illnesses, as indicated in the Child Care Needs Assessment. Therefore, it was strongly recommended that GAIN-funded licensed child care be available for this population. Through the provision of short-term licensed child care for ill children, the GAIN participant will be able to continue in employment/education/training without interruption.

2. The GAIN County Plan proposes that the Contract Agency will recruit and contract with a few sick-care licensed child care providers in each section of the County. These homes will be available to provide care on a short-notice basis, as they will be guaranteed a minimum number of GAIN-funded placements. The county plan includes a request for GAIN funds for sick child care.

C. Short-term Child Care

1. The GAIN committee on Child Care and Supportive Services also determined a need in this county for short-term child care. Given the varying nature and duration of the GAIN components, a participant is apt to need occasional licensed short-term child care.

2. The GAIN County Plan proposes that the child care contract agency will recruit and contract with a few emergency licensed child care providers in each section of the County. These homes will be available to provide emergency care for children until a more permanent arrangement can be made. The homes will be guaranteed a minimum number of GAIN-funded placements. By having access to immediate, short-term care, a participant will enjoy greater flexibility when developing a training and employment plan. The county plan includes a request for GAIN funds for short-term child care.

D. Transitional Child Care

1. The GAIN regulations provide funds for three months' child care following discontinuance from AFDC due to employment.

2. Contra Costa County's GAIN committee on Child Care and Supportive Services strongly recommended that transitional child care be funded up to 180 days. Both the Labor Market Needs Assessment and GAIN's performance-based contract criteria cite six months as a "successful placement", therefore, the committee believed it is appropriate that six months' transitional child care be available. The County plan includes a request for GAIN funds for 180 days of transitional child care.

In addition, the GAIN county plan provided for the following child care administrative functions:

A. Child Care Administration

1. Contra Costa County will contract with a child care agency to provide centralized resource and referral services to match GAIN participants with a licensed child care provider, considering needs, location, costs and special circumstances, in those cases where the participant has not made previous, approved arrangements.

2. GAIN participants will be referred to any waiting lists for subsidized child care.

3. The GAIN Social Worker will monitor and review child care arrangements as they relate to a participant's activity in GAIN, and assess any need for change.

B. Child Care Payment

1. The GAIN Social Worker will receive, review, and approve requests for child care payments.

2. The County Welfare Department will issue authorized child care payments to the participant. The participant shall pay the provider with these funds.

III. CONCLUSION

It is the intent of the GAIN program to provide AFDC applicants and recipients with the opportunity to obtain employment by offering a full range of employment training and supportive services, consistent with the needs of the participants. With this in mind, Contra Costa County's GAIN plan has specified a range of child care services necessary to meet the child care needs of our GAIN population. Without these innovations, our goal of full employment may not be reachable.

ATTACHMENT C

# Child Care Alliance

For Resource
And Development

History/Accomplishments

| | |
|---|---|
| Sept. 1984 | In response to the city Council's concern about the impact of Concord's dynamic growth and development on the child care delivery system, Council women Diane Longshore and Colleen Coll established and chaired the Concord Child Care Task Force. The Task Force was comprised of parents and representatives from both the child care and business communities, as well as, developers. |
| Sept. '84 - Spring '85 | The Concord Child Care Task Force assessed needs, studied funding mechanisms and concluded that the issues of greatest concern in Concord were affordability, availability and quality. |
| Spring/Summer '85 | The Task Force decided a non profit agency was needed to carry forward their work. Board members were elected, programs designed and a funding request was submitted to and approved by the Concord City Council. Programs included:<br><br>**Public Education**<br>A program designed to increase public awareness of child care issues and to share with employers the benefits and options of supporting child care for their employees.<br><br>**Provider Development**<br>A program of training and support for Concord Child Care Providers designed to improve the quality of care provided and enhance the professionalism of local child care providers. |

**Vendor/Voucher**
The Vendor/Voucher Program provides child care subsidies for low and moderate income families and allows parents the right to choose the child care arrangement which best meets the needs of their child and family.

**Low Interest Loan**
A low interest revolving loan fund developed to assist Concord Child Care Providers in initiating, improving and expanding their programs.

| | |
|---|---|
| Late Summer/Fall '85 | The Child Care Alliance hired staff, became incorporated, secured non profit status and developed its programs. |
| Nov. '85 | The Child Care Alliance Board of Directors met in retreat and adopted the following Mission Statement: |

**"To create a system of safe, high quality, affordable, accessible child care for every family in Concord, who wants or needs it, which allows for parental choice and is supported by a partnership of public and private resources."**

| | |
|---|---|
| Jan. '86 | Program implementation began. |
| Spring '86 | Alliance and Concord Chamber of Commerce sponsored a survey of 120 Concord area employers to assess their level of interest and involvement in providing child care related benefits to their employees. |
| March '86 | Alliance issued the first Child Care Quarterly, a newsletter designed to acquaint the business community with the pros and cons of supporting child care and to share with employers the options available to them. |

| | |
|---|---|
| April '86 | Alliance sponsored 'A Day In The Park' as part of the Week of the Young Child. 200 children participated and Supervisor McPeak and Mayor Mullen presented proclamations from their respective legislative bodies. |
| | Quality Assessment Task Force was formed to develop a program to assess and ultimately upgrade the quality of child care services in Concord. |
| | Alliance launched its first Business Campaign focused at better informing the business community about child care issues and soliciting their support. |
| May '86 | Child Care Alliance held first Annual Board Meeting. |
| Nov. '86 | Child Care Alliance and Concord Chamber of Commerce sponsored Child Care Benefits: The Employer and Employee, a conference for employers exploring the range of child care related benefits currently offered by Bay Area Businesses. |
| Dec. '86 | Alliance launched the Child Care Partnership Project, developed to stimulate the involvement of Concord employers in providing child care assistance to their employees. The Alliance matched the employers' contribution to the child care costs of his/her employees up to $100 per month per employee. Within 3 months, 3 employers joined the Partnership Project. |
| | The Alliance Board of Directors adopted the recommendations of the Quality Assessment Task Force to implement a program which would involve parents and other volunteers, as well as the programs themselves in assessing the quality of child care programs in Concord. |

By year end '86

- 50 low and moderate income working families had received assistance through the Vendor/Voucher Program.
- 52 child care providers had been helped to continue their professional training and development.
- Hundreds of businesses had received information and technical assistance on child care related benefits.
- Two loans had been made to child care providers, assisting in the development of 64 new child care slots.

ATTACHMENT D

# California Child Care Initiative

## Program Overview

The California Child Care Initiative is a collaborative philanthropic program designed to bring the supply of licensed quality child care in the state into better balance with the rapidly growing demand. The Initiative takes advantage of California's unique structure of local independent child care resource and referral agencies, linked by the California Child Care Resource and Referral Network, to ensure expert management of its programs while maintaining local community control.

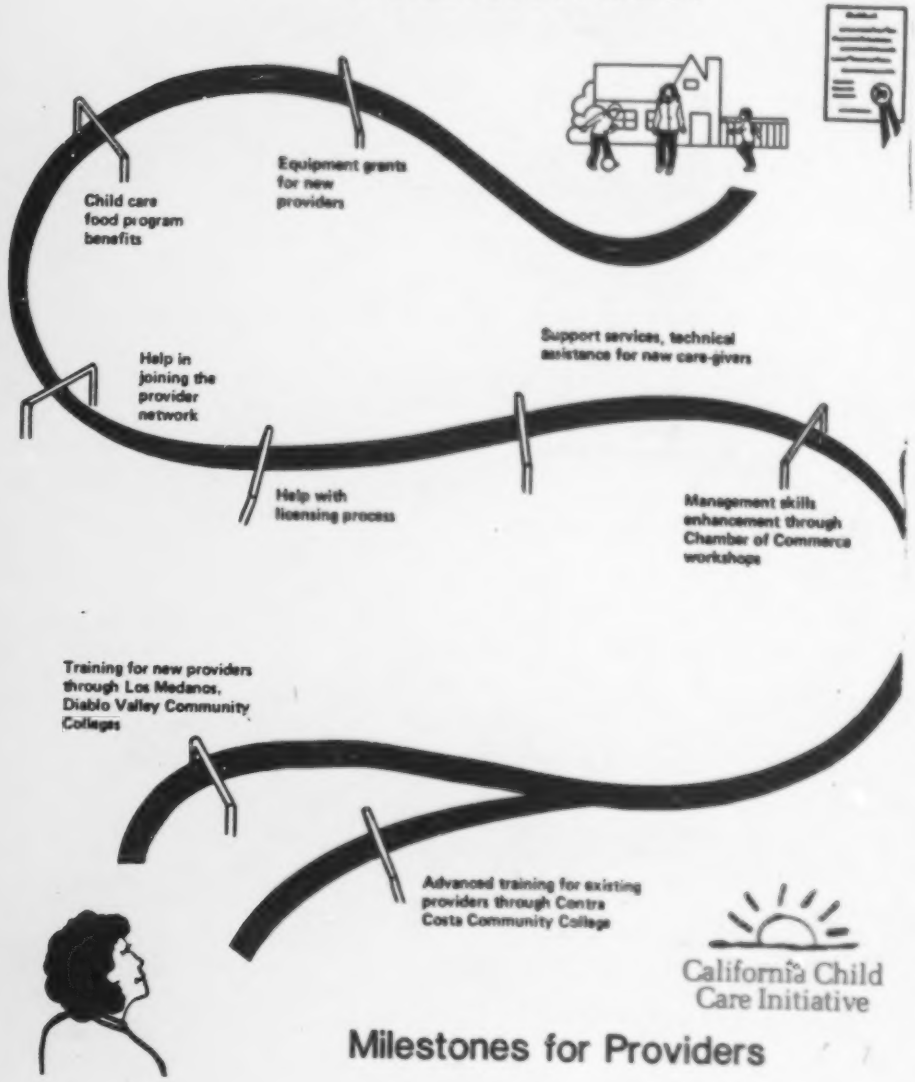
The Initiative was announced in March, 1985 with an initial capitalization of $400,000 from eight public- and private-sector sources and a fundraising goal of $700,000. That goal has been reached. The money is being used to develop and run six pilot programs in five California counties to recruit and train new providers of child care and build a capacity for future growth of this vital community resource. If successful, the programs can be expanded or replicated by local resource and referral agencies in other California communities.

BankAmerica Foundation researched and designed the Initiative during 1984. The California Child Care Resource and Referral Network began developing the program components in early 1985, helping pilot agencies to shape their project plans, and creating manuals and other resources for their use. The six pilot programs commenced operation in October and will conclude in September, 1986.

FUNDERS (as of November 4, 1985): BankAmerica Foundation • Chevron U.S.A. Inc. • Mervyn's • Pacific Telesis Foundation • American Express Foundation • Wells Fargo Foundation • Pacific Gas and Electric Company • The Clorox Company Foundation • California Community Foundation • Security Pacific Foundation • McKesson • State of California • City and County of San Francisco • Contra Costa County • Sacramento County • City of Sacramento • The San Francisco Foundation, Fiscal Intermediary

ADMINISTRATOR: Rosemary Mata, BankAmerica Foundation
(415) 953-3173

# CONTRA COSTA CHILDREN'S COUNCIL
# CARE BUILDER PROJECT


Child care food program benefits
Equipment grants for new providers
Help in joining the provider network
Support services, technical assistance for new care-givers
Help with licensing process
Management skills enhancement through Chamber of Commerce workshops
Training for new providers through Los Medanos, Diablo Valley Community Colleges
Advanced training for existing providers through Contra Costa Community College

California Child Care Initiative

## Milestones for Providers

CALIFORNIA CHILD CARE INITIATIVE
FACT SHEET

In the State of California, the Initiative will result in:

192 New licensed family day care homes

| | |
|---|---|
| Sacramento | 12 |
| Contra Costa County | 60 |
| West Los Angeles/South Bay | 40 |
| Greater Long Beach | 40 |
| Bakersfield/Ridgecrest | 40 |

960 estimated new spaces in family day care homes

| | |
|---|---|
| Sacramento | 60 |
| Contra Costa County | 300 |
| West Los Angeles/South Bay | 200 |
| Greater Long Beach | 200 |
| Bakersfield/Ridgecrest | 200 |

3 new school-age programs

| | |
|---|---|
| San Francisco | 3 |

125 estimated new school-age spaces

| | |
|---|---|
| San Francisco | 125 |

Training for 380 new and existing family day care providers

| | |
|---|---|
| Sacramento | 70 |
| Contra Costa County | 130 |
| West Los Angeles/South Bay | 80 |
| Greater Long Beach | 40 |
| Bakersfield/Ridgecrest | 60 |

190 other individuals trained

| | | |
|---|---|---|
| San Francisco | 50 | community organizers and child care staff |
| Sacramento | 45 | planners, architects and developers |
| | 70 | child care center staff |
| Bakersfield | 25 | planners, architects, and developers |

Total number of children served: 1085

CALIFORNIA CHILD CARE INITIATIVE
FACT SHEET

Children's Council of San Francisco $61,500

-3 new school-age child care programs.
-Estimated new spaces for 125 children.
-Training for 50 community organizers and child care program staff
Contact: Martha Roditti (415) 647-0778

Contra Costa Children's Council $80,000

-60 new licensed family day care homes.
-Estimated 300 new spaces in family day care homes.
-Training and workshops for 80 new and existing family day care providers in central and east Contra Costa County.
-Training and workshops for 50 new and existing family day care providers in west Contra Costa County.
Contact: Joan Kelley (415) 676-5442

Child Action Inc. (Sacramento) $61,500

-12 new licensed family day care homes.
-Estimated 60 new spaces in family day care homes.
-Training and workshops for 70 new and existing family day care providers
-Training seminars for 70 child care center staff.
-Training for 45 planners, architects, and developers.
Contact: Jaci White (916) 543-0713

Connections for Children (West Los Angeles/South Bay) $62,500

-40 new licensed family day care homes.
-Estimated 200 new spaces in family day care homes.
-Training and workshops for 80 new and existing family day care providers.
Contact: Jane David (213) 393-5422

Children's Home Society (Greater Long Beach) $57,500

-40 new licensed family day care homes.
-Estimated 200 new spaces in family day care homes.
-Training and workshops for 40 new and existing family day care providers.
Contact: Sherry White (213) 436-3201

Community Connection for Child Care (Bakersfield/Ridgecrest) $60,000

-40 new licensed family day care homes.
-Estimated 200 new spaces in family day care homes.
-Training and workshops for 60 new and existing family day care providers.
-Training for 25 planners, architects, and developers.
Contact: Julie Parsons (805) 322-7633

Chairman MILLER. Mr. Vicars?

**STATEMENT OF RICHARD VICARS, VICE PRESIDENT OF HUMAN RESOURCES, LINCOLN NATIONAL LIFE INSURANCE CO., FORT WAYNE, IN**

Mr. VICARS. Thank you, Mr. Chairman.

Congressman Coats, I bring you greetings from home.

My name is Richard Vicars. I am Vice President for Human Resources for Lincoln National Corporation.

A little about my company:

Lincoln National Corporation was founded in 1905 as one of the nation's largest multi-line insurance holding companies. It is listed on the New York Stock Exchange. The company has assets of $15 billion, and annual revenues exceeding $6 billion.

Further, it is the largest financial institution in the State of Indiana. We are home based in Fort Wayne, Indiana and we are recognized as a progressive leader in the community providing a variety of innovative benefits for its 3,300 home-office employees.

The demands of today's economy have significantly altered parental roles within society from what we know as a traditional bread winner/homemaker couple, to the dual income couple.

Also, the high divorce rate has created many single parent families. To accommodate the increasing number of employees who are single parents or dual wage earners, we designed a benefit package to ease the burden incumbent on employees who require day care for their children.

Some of our benefits include flexible benefit packages including a dependent-care expense account, flexible time scheduling, job sharing, part-time positions, paid maternity disability of six weeks and up to three months of non-paid including paternity leave.

We provide adoption assistance for ages from birth to 16 years for full time employees, which reimburses 80 percent of expenses up to a maximum of $1,250 per adoption.

Further, we provide psychological counseling services and a comprehensive child care information and referral service which also includes sick child care assistance, a joint venture with a local hospital.

My comments today will focus in particular on our company's child care information and referral service. While the roles of the parents have changed, the needs of the children have not. Consistent quality day care remains critical to healthy development.

We believe that if parents know that their children are content and well cared for they are more attentive to their work. Our employees are an important part of our company's success. Recognizing the special needs of today's employees, the company took a progressive stand on the child care issue.

In August 1983, a group of employees approached the chief executive officer, Ian Rolland, with a request to explore the child care issue. After an indepth employee survey was conducted, a study was made of other corporation's efforts in employer-supported child care, and the pros and cons of various options were then considered.

In reviewing the child care resources in the Ft. Wayne area, the group determined that an adequate number of preschool child care programs already existed in the community.

However, since children under 2 years are not accepted in most day care centers, the quality and quantity of infant care was identified as a major problem in the family day care system.

Also, our employees wanted help just in locating quality child care providers that met their needs. Upon confirmation of the conclusions by an outside expert, Dr. Dana Friedman of the Conference Board, who is recognized as one of the nation's leading authorities on employer sponsored child care, and with the approval of our CEO and the senior officers of the corporation, a decision was made to establish an in-house information and referral service.

This option was elected because it could be implemented quickly, was cost effective and it helped to meet a wide range of employees' child care needs.

We then hired a full-time staff person to administer information and referral services. And I brought her with me today. Madeleine Baker is our child care administrator and is, I think, the primary reason why this benefit for our employees has worked so well and has been received so well by our employees.

We are now in our third year of operation. And I can say honestly, it's working better than we anticipated. Since its inception, the service has served over 750 of our employees and has successfully placed over 63 percent of those employees' children in day care centers or homes.

And I might add, this is not just female employees as everybody thinks. There are an awful lot of our male employees that come to Madeleine for help in child care.

Currently, there are 150 family day care providers in our registry who have been prescreened through telephone interviews and on site visitations to ensure that they meet the standards of quality and service.

Madeleine is out every Wednesday visiting her providers, to see if they're maintaining their standards. If they're not, they're taken off our list.

The program also maintains an informational file on licensed day care centers and program profiles on preschools.

On an ongoing basis, Lincoln National Child Care Services works to provide parents and child-care providers with the information and training they need to be the best parents and providers possible.

Some examples of our services, in addition to our Information Referral Service, are seminars and workshops on child care and family topics; support groups who provide group interaction in sharing with parents with special situations, such as first time parents; a child care newsletter for parents and providers to communicate updates and schedules for child care services; promote interaction between the two groups; prepare parent/provider information packets to serve as resources and guides; and last, but certainly not least, is our annual Child Care Fair which provides a wide range of parenting resources that promotes the importance of the family unit.

Child care services extend beyond our company. The service encourages and assists the development of the Ft. Wayne communities' child-care resources, participating in organizations which deal with family and children, acting as a child-care advocate, and a resource for other companies' initiatives.

When high quality child care is available, children benefit, parents benefit, employers benefit, and the whole community is a better place in which to live and work.

And that's what we believe will make it work.

Thank you.

Chairman MILLER. Thank you.

[Prepared statement of Richard Vicars follows:]

## Prepared Statement of Richard Vicars, Vice President, Human Resources for Lincoln National Corp., a Progressive Leader

My name is Richard Vicars and I am Vice President, Human Resources, for Lincoln National Corporation.

Lincoln National Corporation, founded in 1905,.is one of the nation's largest multiline insurance holding companies. Listed on the New York Stock exchange, the company has assets of $16 billion and annual revenues exceeding $6 billion. Further, it is the largest financial institution in the state of Indiana.

Home-based in Fort Wayne, Indiana, Lincoln National is recognized as a progressive leader in the community, providing a variety of innovative benefits for its 3300 home office employees.

The demands of today's economy have significantly altered parental roles within society from the traditional breadwinner/homemaker couple to the dual-income couple. Also, the high divorce rate has created many single-parent families.

To accomodate the increasing number of employees who are single parents or dual wage earners, a benefit package was designed to ease the burden incumbent on employees who require daycare for their children. Some of these benefits include:

- o Flexible benefits, including a dependent care expense account;
- o Flexible time scheduling, job sharing and part-time positions;
- o Paid maternity disability of six weeks and up to three months of non-paid, which includes paternity leave;
- o Adoption assistance, for ages 0-16 years, for full-time employees with reimbursement of 80 percent of expenses to a maximum of $1,250 per child;
- o Psychological counseling services, and
- o A comprehensive Child Care Information-Referral (I&R) Service, which also includes 'sick child care' assistance, a joint venture with a local hospital.

My comments today will focus in particular on Lincoln National's Child Care Information-Referral Service.

While the roles of the parents have changed, the needs of the children have not. Consistent, quality care remains critical to healthy development. We believe that parents who know that their children are content and well-cared for are more attentive to their work.

Our employees are an important part of Lincoln National's success. Recognizing the special needs of today's employees, the company took a stand on the child care issue. In August 1983, a group of employees approached the Chief Executive Officer, Ian Rolland, with a request to explore the child care issue. After an in-depth employee survey was conducted, and a study of other corporations' efforts in employer-supported child care, the pros and cons of various options were considered.

In reviewing the child care resources in the community, the group determined that an adequate number of preschool child care programs already existed in the community. However, since children under two years are not accepted in most daycare centers, the quality and quantity of infant care was identified as the problem area in the family daycare system.

Upon confirmation of the conclusions by an outside expert, Dr. Dana Friedman, one of the nation's leading authorities on employer-sponsored child care, and with the approval of the CEO and the Senior Officers, the decision was made to establish an "in-house" Information and Referral Service. This option was elected because it could be implemented quickly, was cost-effective, and it would help to meet a wide range of employees' child care needs. We then hired a full-time staff person to administer our Information and Referral Service.

Now in its 3rd year of operation, Lincoln National's Child Care Information and Referral Service is working very well. Since its inception, the Service has served over 750 employees and has successfully placed over 63% of those employees' children. Currently, there are 150 family daycare providers in its registry, who have been pre-screened through telephone interviews and on-site visitations, to ensure that they meet Lincoln's standards of quality and service. The program also maintains an informational file on licensed daycare centers and program profiles on existing pre-schools.

On an on-going basis, Lincoln National Child Care Services works to provide parents and child care providers with the information and training they need to be the best parents and providers possible. For example, Child Care Services include:

- o Seminars and workshops on child, parent and family topics;
- o Support groups to provide group interaction and sharing for parents with special situations, such as first time parents;
- o A child care newsletter for parents and providers to communicate updates, tips and schedules for Child Care Services, and promote interaction between the two groups;
- o Parent-provider information packets to serve as resources and guides; and
- o Annual Child Care Fair which provides a wide range of parenting resources and promotes the importance of family.

Child Care Services extend beyond Lincoln National. The Service encourages and assists the development of the Fort Wayne community's child care resources, participating in organizations which deal with family and children, acting as a child care advocate, and a resource for other companies.

When high-quality child care is available, children benefit, parents benefit, employers benefit - and the whole community is a better place in which to live and work.

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Chairman MILLER. Madeleine, did you have testimony or are you just going to respond to questions?

Mr. VICARS. She's going to answer all the technical questions. [Laughter.]

Chairman MILLER. Dr. Robins.

**STATEMENT OF PHILIP K. ROBINS, Ph.D., PROFESSOR OF ECONOMICS, UNIVERSITY OF MIAMI, CORAL GABLES, FL**

Mr. ROBINS. Thank you.

Mr. Chairman and distinguished Members of the Select Committee, I thank you for the opportunity to present my views on the role played by child care in promoting economic self-sufficiency among low-income families.

I'm a labor economist and a Professor of Economics at the University of Miami. I'm also a research affiliate at the Institute for Research on Poverty at the University of Wisconsin. I've been involved with studying the economics of the family for my entire 15 year professional career. And I'm also heavily involved right now with helping the State of Wisconsin design their Welfare Reform Program that was referred to earlier.

I've also spent a great deal of time studying child care. And I would like to say that I firmly believe that child care is an essential ingredient in promoting economic self-sufficiency among low income families.

My testimony today is based on the results of research that I have performed over the past two years. My remarks are divided into two parts. The first part is concerned with how the availability of child care affects various measures of economic self-sufficiency.

The second part is concerned with how the cost of child care affects economic self-sufficiency. Let me briefly summarize each part of my testimony.

First, let me summarize my results with respect to the availability of child care and economic self-sufficiency. These results are based on a study I performed for the Department of Housing and Urban Development [HUD] in which I attempted to determine how providing child care services in public housing projects affects economic self-sufficiency among low-income families residing in the projects.

I found that the availability of a child care center in a public housing project could have a substantial effect on economic self-sufficiency if the center is large enough. In other words, in public housing projects having child care centers with a sufficiently large number of slots relative to the number of families living in the projects, the average standard of living of residents is significantly improved.

To give you an indication of how center size affects economic self-sufficiency, let me describe the implications of my results with respect to how a 50-percent increase in the relative size of a child-care center would affect various economic outcomes; in particular, hours of work of the mother (or the parent caring for the child), earnings of the mother, welfare benefits received by the family, and total family income.

I found that a 50-percent increase in the relative size of the child-care center would increase average hours of work of the mother by about 13.5 percent, would increase the number of mothers employed by about 12 percent, would increase average earnings of the mother by about 19.5 percent, and would increase total family income by about 5.5 percent.

Welfare benefits would fall by 4 percent, and the number of families receiving welfare benefits would drop by 2 percent. (About two-thirds of the sample I analyzed received welfare benefits.)

I found that most of the effects of the public housing project child-care centers on economic self-sufficiency occurred for non-welfare families. The effects for welfare families were generally small in magnitude. Hence, my analysis suggests that having a child care center in a public housing project appears to affect primarily those families that have already achieved some degree of economic independence.

However, I would like to note that these results should be viewed with some caution because so few welfare families have working parents and it is difficult to isolate effects for them.

It is quite possible that more extensive child care programs could have larger effects on welfare families and could also reduce the number of families receiving welfare benefits by amounts significantly larger than I estimated in my study.

Now let me summarize my results with respect to economic self-sufficiency and the cost of child care. Using results from a statistical probability model, I generated predictions of how changes in market child care costs would affect work effort and the choice of child care arrangements by working mothers.

My predictions suggest both are sensitive to child care costs.

Overall, my results show that a 10-percent decrease in child-care costs would increase employment by about 4 percent and would increase the use of purchased care by about 6 percent?

Chairman MILLER. Excuse me. I take it you mean the cost to the parent.

Mr. ROBINS. The cost to the parent. The net cost to the parents.

What do the results of these studies imply? First, they provide clearcut evidence that economic decisionmaking is sensitive for the availability and cost of child care. Second, they suggest that further government efforts to subsidize child care costs and/or further efforts to increase the availability of child care services will likely lead to a significant increase in economic well-being, particularly among low income families.

Third, my results imply that outreach efforts should be an important component of any new major program to expand child care services. In the HUD sponsored study I referred to earlier, it was found that more than half the families with children living in the public housing projects with centers were unaware of the presence of child care facilities on the project premises.

Finally, it should be noted that the findings of my research are based on the analysis of existing child care programs. A more definitive statement regarding the effects of child care on economic self-sufficiency from an economic perspective, could be obtained if child care programs were to be evaluated within a carefully controlled experimental setting.

Thank you.
Chairman MILLER. Thank you very much.
[Prepared statement of Philip Robins follows:]

PREPARED STATEMENT OF PHILIP K. ROBINS, PROFESSOR OF ECONOMICS, UNIVERSITY OF MIAMI, CORAL GABLES, FL

Mr. Chairman, I thank you for the opportunity to present my views on the role played by child care in promoting economic self-sufficiency among low-income families. The testimony I am about to present is based on the results of research that I have been performing over the past two years. I will divide my remarks into two parts. The first part is concerned with how the availability of child care affects various measures of economic self-sufficiency. The second part is concerned with how the cost of child care affects economic self-sufficiency.

The Availability of Child Care and Economic Self-Sufficiency

I recently completed a study for the Department of Housing and Urban Development (HUD) in which I attempted to determine how increasing the availability of child-care services would affect economic self-sufficiency among low-income families in public housing projects. The motivation for the study derives from the Housing and Urban-Rural Recovery Act of 1983 (P.L. 98-181), which authorized HUD to carry out a demonstration program to determine the feasibility of using public housing facilities in the provision of child-care services for low-income families who reside in public housing. Subsequent to passage of the Act, the Joint Appropriations Committee of Congress determined that such a demonstration was not yet needed because many Public Housing Authorities (PHAs) were already furnishing child-care services within public housing projects and a variety of outside funding sources were available for the operation of such services. Because of this, Congress directed HUD to undertake an evaluation of existing child-care services in PHA facilities and to determine their

role in promoting economic self-sufficiency among public housing residents. The data collected as part of that evaluation were used in my study.[1]

The presence of child-care facilities in a PHA project is intended to promote economic self-sufficiency by facilitating employment among PHA residents. In the jargon of economics, PHA child-care centers may be viewed as having the effect of reducing the labor market entry costs of public housing residents, by increasing the supply of available child-care services and by providing such services in a more convenient setting. In my study, I utilize the theory of labor market entry costs to derive a set of testable hypotheses regarding the effects of PHA child-care facilities on economic self-sufficiency. The theory predicts that providing child-care services within a PHA project should generate an increase in work effort of the mother and should reduce the family's reliance on public assistance.

The empirical analysis I performed utilized household survey data collected by Westat from about 1,000 residents of PHA projects. The survey was administered by telephone to two groups of families, those residing in PHA projects in which at least one child-care center was present and those residing in PHA projects in which no child-care center was present. If the two groups are otherwise comparable (that is, if they have the same general socioeconomic characteristics), then in effect, we have an "experimental" group and a "control" group and appropriate statistical techniques can be utilized to draw inferences regarding the effects of the PHA child-care centers on economic self-sufficiency. Using the available survey information, I concluded that, except for the presence of a child-care center, the groups appeared to be quite comparable.

As part of the evaluation, an attempt was made to determine how extensive child-care programs were in PHA projects. Of the approximately 2,350 PHAs that cooperated with the study (out of 2,800 PHAs nationwide), approximately 10% reported the presence of at least one child-care program in their facilities. One third of these programs were Head Start centers that provided primarily developmental rather than custodial day care. I excluded families in projects with Head Start Centers from my analysis because I was interested primarily in evaluating child-care services that facilitated employment of the mother.

Of those PHAs with child-care centers, about half of all households with children in the projects indicated they would be interested in using the center if space was available. Based on these responses, Westat estimated that there was a "waiting list" of approximately 96,000 children for services from these centers. Westat also estimated that households with approximately 170,000 children might be interested in the centers' services if care were to be available for a wider age range of children and for more hours. About 10,000 children were actually being served by the PHA centers but only 38% of them resided in the PHA projects. The remaining 62% were from the community at large. Moreover, over half the households with children were unaware of the presence of the child-care center in the PHA project. Hence, the PHA child-care programs appear to be serving only a small fraction of the potential users within the PHA projects.

Given this background information, I will now summarize the results of my empirical investigation. Based on estimates from a multivariate regression model, I found that the availability of a child-care center in a PHA project can have a substantial effect on economic self-sufficiency, if

the center is large enough. For the actual centers surveyed, the average effects all indicate an improvement in economic self-sufficiency, however none of the effects are statistically significant or very large in magnitude. However, when the size of the effect is allowed to vary with the relative size of the center (measured by the ratio of the number of child-care slots to the number of PHA housing units in the project), the effects become statistically significant and sizable in magnitude. The results unambiguously imply that economic self-sufficiency is improved when a child-care center capable of serving a relatively large number of families is present in a PHA project.

To give an indication of how center size affects economic self-sufficiency, I calculated elasticities for all the outcome measures I examined. The outcome measures included hours of work of the mother, earnings of the mother, welfare benefits received by the family, and total family income, all measured in annual terms. The elasticities show the percentage change in these outcome measures resulting from a given percentage change in the relative size of the PHA center.

For hours of work, the elasticity indicates that a 50% increase in the relative size of the center would be expected to increase average hours of work of PHA residents by about 13.5% (employment would increase by about 12%). The earnings elasticity is somewhat larger, implying a 19.5% increase in earnings for a 50% increase in the size of the center. The welfare benefit elasticity indicates that a 50% increase in the relative size of the center would reduce welfare benefits by 4% (the number of families receiving welfare benefits would drop by 2%). Finally, the family income elasticity

indicates that family income would rise by about 5.5% if there was a 50% increase in the relative size of the center.

About two-thirds of the sample I analyzed received welfare benefits. In separate analyses of welfare and nonwelfare families, I found that most of the effect of PHA centers on economic self-sufficiency occured for nonwelfare families. The effects for welfare families were generally small in magnitude. Hence, my analysis suggests that the reduction in labor market entry costs made possible by having a child-care center on the PHA premises appears to affect primarily those families that have already achieved some degree of economic independence, in the sense that they are not currently receiving welfare benefits. However, these results should be viewed with caution because so few welfare families have working parents and it is difficult to isolate effects for them. It is quite possible that more extensive child-care programs could have larger effects on welfare families and could also reduce the number of families receiving welfare benefits by an amount significantly larger than I estimated in my study.

Economic Self-Sufficiency and the Cost of Child Care

In another study, a colleague and I examined how child-care costs affect work effort and the choice of child-care arrangement.[2] Economic theory suggests that higher child-care costs will reduce the likelihood that mothers will work (because of a reduction in the net economic return to working) and for those mothers that do work the likelihood of making choices in which child care is not purchased in the market will be increased.

We tested this theory using data from a much larger household survey than the one used in the study of public housing residents. The survey was

conducted as part of the Employment Opportunities Pilot Projects (EOPP), a job-search demonstration project undertaken by the Department of Labor in the late 1970s and early 1980s. The EOPP survey collected extensive information on employment of the mother and the cost and utilization of several types of child care used while the mother worked. Our analysis sample consisted of 6,151 households throughout the United States in which there was a married woman under the age of 45 and at least one child under the age of 14 years in the household. The sample consisted of a disproportionate number of low-income families, although high-income families were also represented.

Thirty seven percent of the households in the EOPP sample had a working mother (the survey covered the years 1979 and 1980). Of those families with working mothers, about one-third reported using a paid form of child care while two-thirds reported using non-paid forms of child care. One can think of these two types of care as market care and nonmarket care. The objective of our empirical analysis was to determine how child-care costs affect the probability of working and the probability of using market care.

Using results from a statistical probability model, we were able to generate predictions of how changes in market child-care costs affect work effort and the choice of child care arrangement. Our predictions suggest that both are sensitive to child-care costs.

The range of child-care costs examined in our predictions was from zero to $40 per week (in 1980 dollars). Mean child-care costs in the sample were about $27 per week. The predictions indicated that if child-care costs were fully subsidized, 72% of the mothers would work. If child-care costs were $40 per week, only 18% of the mothers would work (recall that at the sample

mean child-care cost, about 37% of the mothers work). The average elasticity of employment with respect to child-care costs over the range of child-care costs examined is about -.4, indicating that a 10% decrease in child-care costs would increase employment by about 4%.

Higher child-care costs are also predicted to reduce the probability of using purchased forms of child care when the mother does work. If child-care costs were fully subsidized, our results imply that 57% of the working mothers would use purchased care. If child-care costs were $40 per week, only 19% would use purchased care. The average price elasticity of purchased care over the range of child-care costs examined in the study is about -.6. This means that a 10% reduction in market child-care costs would increase the use of purchased child care by about 6%. It is interesting to note that the elasticities with respect to purchased care are higher at lower child-care cost levels, suggesting that there is greater substitutability with nonpurchased care at these levels. Greater substitutability at lower cost levels may be reflecting the fact that cost and quality are positively correlated and that purchased care and nonpurchased care have similar qualities at lower cost levels.

Summary

What do the results of all these studies imply? First, they provide clearcut evidence that economic decisionmaking is sensitive to the availability and cost of child care. Second, they suggest that further government efforts to subsidize child-care costs and/or further efforts to increase the availability of child-care services would likely lead to a significant increase in economic well being, particularly among low-income

families for whom child-care costs represent such a large fraction of their net economic return to working. Third, they imply that outreach efforts should be an important component of any new major program to expand child-care services. As indictated earlier, the HUD sponsored study found that more than half the families with children in a public housing project were unaware of the presence of a child-care facility on the project premises. Finally, it should be noted that the findings of my research are based on the analysis of existing child-care programs. A more definitive statement regarding the effects of child care on economic self-sufficiency could be made if child-care programs were to be evaluated within a carefully controlled experimental setting.

Footnotes

1.The formal evaluation of PHA child care centers was conducted by Westat, under contract to HUD. The final report was issued on April 14, 1986 and is entitled "A Study of Child Care in Facilities Furnished by PHAs". My evaluation of PHA child-care centers is presented in a paper entitled "Child Care and Convenience: A Study of the Effects of Labor Market Entry Costs on Economic Self-Sufficiency Among Public Housing Residents", working paper, Department of Economics, University of Miami, February 1987, and is summarized in the Westat report.

2.David M. Blau and Philip K. Robins, "Child-Care Costs and Family Labor Supply", working paper, Department of Economics, University of Miami, November 1986. This study is part of a larger report submitted to the National Institute of Child Health and Human Development, under Grant #1 R01 HD20254-01. The report is entitled "Fertility, Employment, and Child Care".

Chairman MILLER. Let me ask you a couple of questions. You hit on one point where I interrupted you, about a question of whether or not all of the people that I think we desire to have participate in the GAIN program will or will not be able to do so because of the adequacy of child care.

Is it your anticipation that there will be insufficient funds from the state to meet that need?

Ms. MCPEAK. The state has not yet been asked to fund the development of child care to the extent that Contra Costa will propose. The indications we have from the Social Services Department is that they are likely not to approve what we are going to request to accomplish this.

So, in sum, yes.

Chairman MILLER. We heard the discussion with respect to the funding of the Massachusetts Program, and their use of two different kinds of child care with the one, obviously, that has grown rather rapidly.

You don't have any problem with the voucher proposal, do you?

Ms. MCPEAK. No, we don't. We do believe that when you use vouchers you have a unique opportunity also to link that to quality assessments. And we would use that kind of a system to ensure that those eligible providers who have submitted themselves to an analysis of quality and to a review of quality would be the referral list that parents would use their vouchers for to purchase child care.

Chairman MILLER. Let me ask you this also with respect to down the road. It appears that the Massachusetts system allows for transitional child care for a period of a year. We heard testimony from our first witness suggesting that without this current child care, she'd be right back to where she was.

Although she is now working at, I think, $10,000 a year.

In our system, we cut that off after three months?

Ms. MCPEAK. Yes. It is required, under the GAIN Law, that the assistance during transition continue for three months. Contra Costa proposed a minimum of six months. Again, we'll see whether or not the state will fund that.

The evidence that we are offering to support our reasons for the six-month child-care transition is that when we surveyed employers to ask them if they would be willing to accept GAIN trainees and then graduates into employment, they often cited a concern about absenteeism of the participant or of the new employee because of inadequate child care.

So the employer has told us there needs to be adequate child care. We're using that to support our contention that there needs to be at least six months of transition for child care.

Chairman MILLER. Mr. Vicars, when we started on this subject of child care some three years ago and we traveled around and talked to different corporations, different CEOs, some of them had actually studied some of the statistics.

And they believed that they had less absenteeism, tardiness, less turnover, their phones weren't tied up from 2:00 to 6:00 in the afternoon. What have you found at Lincoln National? Is that accurate and to what extent is there empirical evidence?

Mr. VICARS. It's very difficult to give hard facts to some of these so-called thinkings. I will tell you that we know isolated situations where, because of our service, a mother who otherwise would not have been able to come to work was able to come to work.

A sick child, for example. In the morning, we have a service that we provide through one of the hospitals that can take sick children. What better place to have a child during the day if your child isn't well except in a hospital?

If it were not for that arrangement that Madeleine put together with our local St. Joseph's Hospital, we know some of these mothers wouldn't come to work. They will stay home with their child.

You know, it's very difficult for us to measure. We think there's a lot of soft savings in this program or we wouldn't be into it. We're a business organization and it has to have a payback for us. We think it pays back much more than we invest in it; if nothing else, in the goodwill that we get with our employees and in our community and now even nationwide.

Madeleine, do you want to add anything to that? You deal with them day to day.

Ms. BAKER. I think I might add that, as Rick mentioned in those isolated cases, we have not lost any employees after they have taken short disability. Most have been able to return.

And we've also had some incidences where we had hired a professional, someone at a professional level, who approached me and said one of the reasons they had selected Lincoln National is because of our in-house child care program.

Chairman MILLER. We visited a site down in Dallas—outside of Dallas, Texas and talked to the people in the workforce there, and they had a very comprehensive program of on-site child care in their corporation.

You talk to those parents and they just said that, among their friends and neighbors, this is the preferred place to work because of the kind of peace of mind that you have knowing that your child is either on site or in one of the nearby referral systems.

The company has made some effort to go through and to screen, and to participate. People were standing in line for jobs and they were also saying that they felt that people really thought twice before they decided to leave the company.

There really had to be a substantial marginal difference between their existing employer and what they might take in the future that didn't have that kind of benefit.

Mr. VICARS. I'll comment on that. We really think this gives us an edge in attracting professionals. And, again, 73 percent of our home office workforce is female. And like I said earlier, it's not restricted just to the females. We get an awful lot of our male employees whose spouses work elsewhere coming in to ask for help with their child care needs.

But we also have 832 of our 3,300 employees who are professional women, managerial level professional women. You know, they have needs the same as anybody else. And I think they stay with us, and maybe put up with some tougher times because we go a little bit above and beyond, and I think it's recognized.

Chairman MILLER. Dr. Robins, what kind of waiting list do public housing authorities have for child care?

Mr. ROBINS. In the particular study I referred to, there were two estimates of waiting lists. Approximately 10,000 children are served by the child care facilities in public housing projects throughout the Nation.

It was estimated that there was a waiting list of about 96,000. That is 96,000 parents of children would like to use the services of those facilities.

Chairman MILLER. That's a formal waiting list? Are those parents that, as you indicated in your paper, in many instances, people living in the projects who were not aware of the existence of the facility?

You considered them on the waiting list or is that a——

Mr. ROBINS. Yes. I think in that definition they were. The study was performed by a research consulting firm. And I have read the study in great detail. It's not entirely clear.

A large number of families, using the public housing child care facilities were not residents of public housing projects. And it's not clear, from the analysis, whether that was because the demand was saturated by the public housing residents and then they went outside to the community at large, or simply that the families just didn't know about it.

I think the conclusion was that the families simply did not know about them and I think the estimated waiting list was based on questions that were given to the households. And when they were made aware of the child care facility, they expressed a significant interest in wanting to use them.

And I thought it was also interesting that in the child care facilities that were studied, the families also expressed an interest in using the facilities if their services could be expanded to include different age ranges of children, greater number of hours, and so forth.

Chairman MILLER. When you say "using," you're talking in relationship to employment?

Mr. ROBINS. Yes. These are all—my entire study was geared toward child care facilities that would facilitate employment of a mother, as opposed to Head Start Centers which are mainly developmental in nature.

Mr. Coats?

Mr. COATS. Thank you, Mr. Chairman.

Richard and Madeleine, again, welcome. We're pleased to have you here and appreciate the good work that Lincoln National is doing in this area and a lot of other areas in our community.

You said that, in your testimony, Richard, in 1983, when you approached the chairman and asked to study this that the corporation then undertook both an employer's survey and a pretty extensive study of what other corporations were doing to determine what your options would be.

And you came up with the conclusion that an information referral service, and the kind of child care service that you described that Madeleine administers, is the best way to go.

How seriously did you look at either in-house or nearby child care that Lincoln would actually underwrite or provide? And what were the reasons for not going in that direction?

Mr. VICARS. That was one of the options that we explored. We have a particular problem with our company in Ft. Wayne in that we have two sites that are about 7 miles apart and about equally staffed. About half as many in each location.

So you really get down to an issue. We had to face the issue; "Well, what do we do if we have an on-site day care center, do we have two?" And that just doubles your cost, frankly.

If you put it somewhere in between the two sites, well, you still may not meet the needs of all the employees. And our employees really weren't asking for an on site day care center. They wanted some help by the company, and this looked like a very good compromise because we were able to offer help to try to meet all of our employees' child-care needs.

Because if you have an on site day care center, we have a second and third shift. What do we do for those employees. If you're going to run it 24 hours a day, you would just about quadruple your cost.

We really didn't even have, in either operation, an adequate facility to house a day care center. So we were faced with maybe even building a building. We tried to see if the Ft. Wayne community, the downtown employers would be willing to form a consortium and go together on a day care center.

And there wasn't enough interest on the part of other employers, unfortunately.

So we were really left with this as probably our best option. And that's the route we went. And hindsight is 20/20. But I think we certainly made the right decision. I don't know what the future holds. You know, we may go the route of an on site day care center even at both locations 5 or 10 years out.

Mr. COATS. I suppose part of that decision is based on what you find in the community, the availability of services.

Mr. VICARS. Right. True.

Mr. COATS. I notice also you indicated that the flexibility was important because of the needs and desires of your employees, that some wanted a more structured center, others wanted a home care, and that type of thing.

In your testimony also you indicated that you placed over 63 percent of employees' children. What about the other 37 percent? Are they not placed or——

Mr. VICARS. That isn't a failure rate. [Laughter.]

Ms. BAKER. Hopefully they are placed in some form of day care program. I think, like in other communities we're experiencing a tremendous lack of infant and toddler care.

We're depending quite heavily on the quality of family day care providers who do care for infants and toddlers. At this point, we're looking at increasing the number of family day care providers who will be able to serve a larger number of infants and toddlers.

Mr. COATS. How do you think you can best do that in that community?

Ms. BAKER. Well, one of the things that has happened with our program is that we have a tremendous positive relationship with those family day care givers who are registered with our program. So they are the ones who have been recruiting caregivers among themselves. They feel it's wonderful to be affiliated with Lincoln National's Child Care Services.

So through them, we have recruited the majority of our family day care providers. And hopefully, that type of word gets passed around and continues to increase our caregivers' list.

Mr. COATS. This service is obviously a benefit to your employees. Is that part of their benefits package? Are they able to select certain benefits on a cafeteria type plan?

Mr. VICARS This is available to all employees.

Mr. COATS. Available to all employees. Fine.

Mr. VICARS. Anybody who has a need for Madeleine's services, the part that is available to select is in our benefit program where we have a cafeteria-type plan. We do have two spending accounts, one for health care expenses that are not covered by the plan, to get them paid for on a pre-tax basis, and also the dependent-care expense account which can pay for day care, in addition to elderly care, if you have elderly parents, on a pre-tax basis.

And they can put money in there out of their paycheck to be used exclusively to reimburse them for those expenses. They get reimbursed on a pre-tax basis.

Mr. COATS. And what amount does the company put in to the package?

Mr. VICARS. Into the total flexible spending account, it varies by the amount of life insurance some of them carry, but they put nothing into these expense accounts.

Mr. COATS. That's employee contribution only, but pre-tax.

Mr. VICARS. Right. That's correct.

Mr. COATS. I notice in the testimony that American press submitted that they actually budget money to support community day care. That they don't have a referral service similar to yours. But they are actually out in the county providing funds and support for different day care services.

Do you do anything like that?

Mr. VICARS. No.

Ms. BAKER. What we're doing for the community is acting as a resource at this point.

Mr. COATS. The last question. Explain the sick child service, how that's set up and who pays for it, and what provisions the hospital had to make to make changes?

Ms. BAKER. Our local hospital, St. Joe Medical Center, recently created their in-house sick child care program. And since option——

Mr. COATS. Do they do that in conjunction with you or they did that just to serve——

Ms. BAKER. Just on their own.

Mr. COATS. That's just part of their hospital program.

Ms. BAKER. Exactly. And then they have recently invited us to join in their program. So at this time, it's a new program we're offering to our employees as an option when their children are mildly ill so that they don't need to use their administrative absent time or their vacation time, that their is another option available.

At the present time, the cost will be paid by the parent exclusively.

Mr. COATS. And what approximately is that? I mean for the average.

Ms. BAKER. Right now, up to four hours of care is $20 and up to 12 hours of care is $25.

Mr. COATS. $20 for the first four hours total, and $25 if you're up to 12 hours.

Ms. BAKER. Exactly.

Mr. COATS. And so an employee calls in in the morning and might call you and say, "Gee. I want to come to work but my child has the flu." You say, "Take them down to St. Joe on your way to work," and they provide what kind of service?

Ms. BAKER. We have arranged that for this particular need, they don't have to call my office. They can call——

Mr. COATS. You inform them and they call direct?

Ms. BAKER. Exactly.

Mr. COATS. And drop the child off.

Ms. BAKER. There is a pre-registration requirement so the hospital staff would have all the pertinent information on each of the children that they're taking in.

Mr. COATS. Thank you.

Chairman MILLER. Mr. Skaggs?

Mr. SKAGGS. Thank you, Mr. Chairman.

I'm down here in isolation because I'm contagious this morning.

I just had a couple of questions for Professor Robins. Has there been any well-developed, sophisticated, economic modeling done that really tries to analyze the child care variable and its economic benefits to either the public or private sectors?

Mr. ROBINS. A limited amount. But there has been some recently. And I think the economic theories that have been developed all show that economic decisions are very sensitive to costs and availability of child care. In much of the work that I've done, we've tried to develop formal economic models that get at those questions and yield testable hypotheses.

In the area of child care, there's a lot of anecdotal evidence about causality. And I think one of the roles that the economist can play in this field is to try and establish that causality and try to determine whether actual behavior is, in fact, affected by changes in child care policy rather than people's attitudes about behavior in child care policies.

And I think that's where the research is today. I think some of the work that I've done does establish that. I found Mr. Vicars' testimony very interesting because I think it exemplifies the response of the private sector to market forces.

Work that I've done shows that job turnover rates of women are responsive to child care costs. And it's clearly in the best interest of the firm or the business to try and minimize those turnover costs by establishing a means of making child care available or subsidizing its cost, I think.

Chairman MILLER. I'll ask if the gentleman will yield.

I'm not sure I follow you. What are you saying? Turnover rates?

Mr. ROBINS. I'm saying that it's in the employer's best interest to try and facilitate child care for women or parents that are employed by the firm in the sense that it has been shown in research that women are sensitive to child care costs in maintaining employment; that is, if child costs represent a significant component of their earnings they are likely to leave employment.

And that creates costs for a firm because they have to rehire someone new, retrain those people, and it reduces their profits cor-

respondingly. I think it's in their best interest to try and minimize turnover costs by providing child care.

And I think we will see in the future more of this type of behavior on the part of large companies in the United States.

Mr. SKAGGS. You know, I guess I'm curious. Not just in demonstrating the relationship between cost and demand for child care services but with them playing that out and really developing the kind of model that would yield, as in the case of Massachusetts' experience, some prediction of gross public-sector savings. It just seems to me that we should be able to plot a sort of Laffer curve for child care, and using all the available evidence, come up with a clear demonstration of the great return child care offers for every dollar invested.

We need to get that nailed down in a more systematic fashion.

Mr. ROBINS. Right. I don't think we have that evidence. Now, I believe child care is essential. But in studying welfare reform for many years, I believe there are really three essential ingredients in effectively promoting economicself-sufficiency among families, particularly single-parent families.

One is child care, but it's not, by any means, the only thing that's necessary.

The second is child support enforcement.

And the third, I think, is some form of workfare.

I think combining those three elements, and trying to estimate the net returns to society of undertaking such an approach, would be very cost effective. But there is no evidence now as far as I know that actually gives dollar figures.

Mr. SKAGGS. No one is working on that?

Mr. ROBINS. I think, as part of the Wisconsin Program that I'm involved with right now, we are trying to develop economic models that will predict for the State of Wisconsin (and to extrapolate them to the nation), what the benefits of such a comprehensive program would be.

The Wisconsin Program does include child care. It also includes a Child Support Enforcement Program with mandatory wage withholding. And it also includes a wage subsidy as a potential means of trying to stimulate work behavior on the part of welfare recipients. We are in the process of trying to determine the net cost to the state, and whether there are benefits from pursuing such a policy.

Mr. SKAGGS. Thank you, Mr. Chairman.

Chairman MILLER. Mrs. Johnson?

Mrs. JOHNSON. Thank you. I really regret that I had to miss the first panel, but I have been able to review some of your information. This is a subject in which I've been very involved for many years, both as a state senator and as a Member of Congress.

And I only mention the state senator involvement because a lot of what goes on in the state levels is very, very important at the local level, and very important for business. We are trying now to find a way in which we can foster the development of quality and affordable child care from the federal level.

However, I want to ask just a couple of questions.

I don't quite understand whether the child care that your company provides is fully paid. Do you pay the 100 percent cost of the child care?

Mr. VICARS. We pay for the full cost of the service.

Mrs. JOHNSON. The Information Referral Service.

Mr. VICARS. Right.

Mrs. JOHNSON. This menu of benefits that you have, if people contribute to that, then they can pay their child care with pre-tax dollars?

Mr. VICARS. Yes.

Mrs. JOHNSON. But you don't contribute to the cost of the child care?

Mr. VICARS. No, we do not.

Mrs. JOHNSON. Only to the search for child care.

Mr. VICARS. That's correct.

Mrs. JOHNSON. But you help your employees bear the cost of child care by paying it with pre-tax dollars.

Mr. VICARS. By providing a benefit plan that takes advantage of Section 125 of the Code which allows you to put money in an account on a pre-tax basis and then be reimbursed for expenses as they occur.

If we didn't have the provision in our benefit plan, they would pay for it out of their pocket with after-tax dollars.

Mrs. JOHNSON. Now, if employees pay for the information and referral service with pre-tax dollars, I feel they're not eligible for the Dependent Care Tax Credit.

Mr. VICARS. That's correct.

Mrs. JOHNSON. Have you done any analysis to see whether the employees are better off paying for this service with pre-tax dollars than with tax dollars?

Mr. VICARS. Yes. It really boils down to the individual situation and if there's a dual wage situation. And the new tax law, I don't think we've quite figured out what the breakpoint is. But the old tax law was like $20,000, I think, of family income.

One was better than the other. That was the break point.

Mrs. JOHNSON. Madeline, you say that you prescreen through telephone interviews and on-site visitations.

On your information or referral listing, do you distinguish between those family day care providers that you have screened and those that are actually licensed by the state?

Ms. BAKER. Yes. We do distinguish both. But whether they are licensed or not, they still get visited by me and also screened by me initially.

Mrs. JOHNSON. And do you have any sense of what percentage of the family home-care providers in your state are licensed versus those that are unlicensed?

Ms. BAKER. I can't speak for the state. But just in our county, there are approximately 70 licensed family day care providers.

Mrs. JOHNSON. Seventy licensed day care——

Ms. BAKER. That are known.

Mrs. JOHNSON [continuing]. In your whole county?

Ms. BAKER. Yes.

Mrs. JOHNSON. I was talking with Ronnie Sanders, Director of Voucher Day Care in Massachusetts, outside, and I have followed

this issue very closely in my own work, and she estimates that there are twice as many unregistered family-home-care providers in Massachusetts as registered.

And I wondered if Sunne McPeak——

Ms. MCPEAK. I think that estimate is what we validated in at least sampling, who is using what kind of child care, and it's 2 to 1.

So of the family day care that is provided, twice as much of it is unlicensed as is licensed.

Mrs. JOHNSON. I would just ask you to consider the situation that we find ourselves in at the Federal level. If you can benefit from the tax credit, you may put your child in a licensed or unlicensed setting and you still get the benefit.

Apparently at your company, you can choose the place that you want for your child without regard to whether the state approves. And you will help your employees and subsidize that.

I have a day care bill that would make money available for vouchers and would allow the expenditure of those vouchers in any family day care setting. It doesn't disturb licensure of larger settings. But it does say that states may not put up a barrier to low-income families.

In other words, the state may not say that you can spend this money only in a licensed setting. But the one thing I do require of unlicensed providers is that they give us their name, so that families who need child care would have access to it.

Over a period of three years, we lure them into the system. Under the bill, they're required to receive information from the states about support groups, about training programs, and ultimately about licensure or certification standards which they are probably afraid of at first but might agree to meet after they have the opportunity to learn about them.

Then after three years, if they do not agree to meet regulatory requirements, then they're out of the system.

I feel a real urgency about getting to those unlicensed providers because we need them in the system. In addition, we have constructed a system that discriminates against the poor.

If we don't create some new approach that allows the poor the same options that we're giving your employees, and that you're giving your employees, and that tax credit is giving the more affluent these same options, then we will never create equitable policy.

We'll never reach the poor. If you look at statistics in the cities, there are no licensed family providers in cities. I'm very, very pleased to learn of your work in the public-housing settings. Congresswoman Marcy Kaptur proposed an excellent amendment some years ago requiring the public housing authorities to set up day care facilities.

However, it was never funded and never acted on by HUD. And we're pushing very hard on my child-care legislation and your information will certainly help us. It was very useful. I hope you will feel free to share with me your thoughts about this initiative because, of course, it arouses everybody's anxiety about giving public money to unlicensed homes.

But, on the other hand, the tax-credit public money is going to those same unlicensed homes.

Chairman MILLER. If the gentlewoman will yield, I think you will find that the law requires that the dependent tax care credit goes to homes that meet state standards.

There may well be people who are taking the money and using settings that do not meet state standards, licensing and the registration, whatever the state system is. They're doing that in violation of the law.

Mrs. JOHNSON. I will check that. I seem to recall exactly the opposite answer. I'm interested in your comments.

Chairman MILLER. It depends on what—you know, some states have registration, some states have licensing, and what have you. But some people are putting their kids in illegal facilities.

Mrs. JOHNSON. It depends, though.

Chairman MILLER. That may or may not be good but I'm just saying that's the case.

Mr. VICARS. If I may just comment, because I've learned a little bit in the last years as to the solution myself, and Madeleine. I don't think that somebody who is—is licensed necessarily is any better than someone who is not licensed.

A lot of people that provide services, child care services, aren't licensed because they don't know it's a requirement. And that's something that Madeleine does help with: to get them licensed or registered.

Mrs. JOHNSON. But certainly, there is no evidence, that I'm aware of, that demonstrates that there is any greater abuse in any one sector than another or that quality of care—that even state licensure has any impact on quality of care.

Because we don't have the resources to oversee it.

Mr. VICARS. Generally, the licensing requirements are so minimal that anybody, just by applying, could be licensed.

Is that true, Madeleine?

Ms. BAKER. Pretty much.

Chairman MILLER. You think we should have unlicensed insurance brokers?

Mr. VICARS. Do I think we ought to have unlicensed insurance brokers? I think it's fine the way it is. They ought to be licensed by the state.

Mr. ROBINS. I do think it's important, though, to look at what I would call the informal child care sector, as opposed to the formal child care sector. I think a lot of studies have indicated that not all families prefer to place their children in formal child care facilities.

And I think more equitable treatment across the day care spectrum would probably have a bigger employment effect than just earmarking subsidies to this form of child care.

I believe, based on my research, that there would be a deterrent to employment of many women who wouldn't gain any benefits from just subsidizing the so-called formal sector. So I think I agree with you.

Mrs. JOHNSON. If you have any specific research on that, I'd be anxious to see it. I do think that any program that doesn't allow people to have their neighbor or their family care for children, does disadvantage people, particularly in small towns where no one has a license. Many of the neighbors and families don't want to be li-

censed and don't want to bother to be licensed because they're not going to open their homes to anyone else.

If you go to work, you really have got to find somehody nearby who will provide care for your child. That inequity, in the current system, does impact very heavily on low income women. It makes family home care benefits inaccessible, and not an alternative to low-income women that it is to high income women.

Mr. ROBINS. I think survey after survey has indicated that fewer than half of the families with working parents actually use a formal child-care facility for their children. Which may be either because they're not available or because of choice, they don't really know.

But more than half participate in this informal sector, a large part of which is unlicensed.

Chairman MILLER. If the gentlewoman will yield, when you start putting state dollars, in this case Federal dollars or state, any of the states, the question is whether there's interest in trying to assure that they have a quality system out there, that they have people who have minimal levels of competence. Obviously, the parent can choose to put their child anywhere they want to, as we just heard.

Two things have happened. Seventy-five percent of the people need the program and are using some kind of informal system and do not come in for assistance. And 25 percent are seeing a dramatic increase in the number of family day care homes that are coming forward to get licensed to participate in the system with little or no hindrance, apparently.

But I think there's some question. If you're going to drop several hundreds of millions and billions of dollars into a system, you might want to be able to look a parent in the eye and say, "We have some notion of these people."

Just as Lincoln thinks about someone. In your business I assume you thought about some kind of liability before you started sending employees to somebody's home. You wanted to have some notion of who those people might be. You betcha.

And that's the same liability that we face when we start saying, mandatorily, you have to have your child in a day care system so you can take part in a workfare program so that you can get off of welfare. That is mandated.

At some point, there are going to be repercussions from that—when somebody ends up with an ax murderer, you know. We all know the kind of a sensationalism that has resulted in that.

We went through it with your industry—because of the McMarten case in California, we couldn't get liability insurance. The fact was that, in the vast majority of cases, none of that was really going on.

But we respond to that. And one way to torpedo this is to have a couple of kids being forced into child care, as we now force kids into foster care, who end up getting killed, or maimed, or sexually abused, or physically abused.

We have to have some minimal levels. I don't know that it's full blown licensing like we do for centers, or what have you. I mean, I'm very sympathetic to what Ms. Johnson is trying to do. But I just have a hard time thinking that we're going to put a billion dol-

lars into a system and we're not going to ask whose receiving the money.

I mean, it's a tough one because you're looking to expand that and I think, as the Massachusetts people pointed out, in rural areas it presents a tough challenge.

Mr. ROBINS. I think one has to——

Chairman MILLER. I suspect even in housing projects. Because there are a lot of people there who may be able to leave some of their children with neighbors part time, or whatever. And that's not what we would recognize as a formal system.

Mr. ROBINS. Many surveys have indicated that many families prefer in-home care. And I think when one speaks about licensing, one has to distinguish between out-of-home care versus in-home care. And I think a lot of the in-home care is outside the licensing system today.

Chairman MILLER. And I think we also have to think of our, you know, licensing in the past. When I first came here I walked into a fire fight where we decided that my home that I raised two children in isn't sufficient to take somebody in part-time.

And I said, wait a minute. You know, we wanted to rearrange the floor plan of the house and put in—maybe that's not what we really are talking about. But those were the standards that I think upset so many people.

And people opted out of that system. I don't really think that's the central question any longer in people's mind about whether or not urinals are going to be so many inches off the floor.

People are not willing to get into that system if they're going to have to remodel their homes. And many of those people, as I say, have raised four or five children in those homes and they're healthy, productive kids.

Yes, Sunne?

Ms. MCPEAK. On the issue of how we get at quality and licensure, I think they're different segments of the process that need to be focussed on. For pre-tax dependent care, I think that is a benefit that is available to employees regardless of whether or not they're using licensed or unlicensed care.

So that, I think, was a policy question about how does the Federal Government approach the availability of that benefit for parents to choose which care they use. We know that a lot of informal care goes on.

At the local level we have approached it, because we're not in California doing the licensing. The state is doing the licensing. We have community consensus across the board that—if we are going to establish a comprehensive child care system—that the minimal standards of licensure are not sufficient if we're going to be making the referrals because we are putting ourselves on the line in a different way with public dollars and, in fact, the full faith and credit of the county to say we're involved in some information and referral system.

And so we are looking at augmenting the basic licensure which is under state law, that you need to be fingerprinted and have a minimum square footage indoors and outdoors per child.

That is required under state law, and, I think, to take a TB test. Nothing else. There's nothing in terms of quality of program, nutrition, et cetera.

We are saying that if there's going to be a comprehensive referral system that links the providers with the consumers, then there has to be on that list, in exchange for the advantage to the provider to be on that list, they must submit themselves to a quality assessment.

Mrs. JOHNSON. Sunne, that's interesting. How was that decision driven that if you were going to have your full faith and credit behind this, the standards had to be more demanding?

Ms. MCPEAK. It was driven from employers who were concerned about referring their employees to a central referring system; providers who were concerned about their competitors and what was the, if you will, equalizing factor in terms of the program that was offered versus cost; and from the county.

We have had, in our own county, a couple of cases, with licensed, child care of sensational abuse cases——

Mrs. JOHNSON. In centers or homes?

Ms. MCPEAK. In homes, in licensed family day care homes but it was a large home. It was not six. It was licensed for 12.

Mrs. JOHNSON. OK.

Ms. MCPEAK. And so we are acutely sensitive to the fact that minimum licensure is not sufficient. Now I think it would also be foolhardy to suggest that the State of California, the bureaucracy of California, get into a whole set of additional quality monitoring when they can't do the minimum that they're trying to carry out right now.

So you have to come at it in a different way. And I'm perplexed by it. But this is how we're doing it from the local level to build that into a comprehensive program.

Mrs. JOHNSON. But this is exactly the point that I was trying to raise. Once you get a public body in the position of dispensing care, then that public body must be able to follow-up with indicators to parents that it has guaranteed quality.

Now, I'll double check this but I believe that people are, in fact, getting a tax credit for whatever they want to by child care.

I have very real and serious concerns, especially since—as you say, a system like California, the state system, doesn't guarantee quality. I have very real concerns about saying to low-income women that we don't trust them as we trust more affluent women to make a choice.

Now, I think it's very meritorious for the system to say, "These people are licensed so you can trust them more. These people are certified." And my bill does build a floor into that by requiring every state—and some states don't have any regulation of family day care now—my bill does require every state to at least have a certification program that meets certain standards that are higher than basic standards.

The certification is voluntary. So at least in states without a licensing system, providers who wanted to have a higher designation could market themselves as certified day care providers so that they would have a higher professional status.

I hope you will give some thought to the value of some kind of federal approach that recognizes that we're not guaranteeing anything by just getting your name and address, but that does, over three years, pull you into this licensed or certifying system which would provide a higher level of standards than California's current minimum requirements, if the minimal requirements are as you just described them.

My system would allow day care dollars to go to people who have no quality check, but who've just given their names. But only for three years while they are making the transition from underground to licensed care, with a guarantee of quality.

You see, if we don't do something like that, then we will forever block out subsidies flowing to low-income Americans. I mean, that's the reality. They face that in their lives everyday.

I don't think we have a right to build a public day care subsidy program that doesn't take into account the tough reality most people face. If we allow States to say, "We'll provide vouchers but we're not going to provide any federal vouchers to anyone who isn't licensed then we effectively cut off all your low-income clients from using their neighbor."

Chairman MILLER. How can you say that when we just had testimony from Massachusetts that deals with nothing, or mainly nothing, but low-income people. And the fact of the matter is they have placed all of these people into day care settings and programs?

Mrs. JOHNSON. But they also say that there's two-thirds more out of the system than there are in the system.

Chairman MILLER. Why can't people just choose to leave their children with their families?

Mrs. JOHNSON. But the thing is, they can't get——

Chairman MILLER. The notion that you're blocking out because you require minimal standards. Your blocking out doesn't make a——

Mrs. JOHNSON. You're blocking them from benefiting from a subsidy. You're blocking their opportunity to have a subsidy if you allow the subsidies only to flow to the licensed people.

My bill would require agencies at the county level, for example, to have an auxilliary program with certain obligations to educate and to inform providers residing in this registered system and to inform the parents about how to select and monitor day care. This strategy would bring them to the point in three years, or sooner, where they would see the advantage in looking into the State system, because they certainly wouldn't be eligible for the nutrition program benefits unless they were licensed.

States would have an opportunity to reach out to underground providers which you don't now. It is complicated and I—but I would be interested in your opinion on it because I'm concerned with those two-thirds that are outside the system.

And the fact that anyone using them can have no access to vouchers unless we make it clear that they can.

Chairman MILLER. Mr. Lehman?

Mr. LEHMAN. Thank you, Mr. Chairman.

I'm sorry that I wasn't here to introduce, from Miami, Dr. Robins but I am pleased you are here. I'm also pleased with your work in the public housing area. In recent months and years, I

have been dealing with some of the problems of public housing, and I usually deal with the presidents of the tenants associations. I communicate with them as well as with the rank and file.

The presidents of tenants associations are usually very smart with a lot of street smarts and often very particular middle-age women. And what I'm hearing from them is the fact that the child care element is not only of benefit for the economic improvement of the parent and for the betterment, perhaps, of the child, but it is also a stabilizing factor in the public housing projects.

These tenant council leaders, apparently--from what I understand in talking to them—find that the young women, with young children, who do not go to work are not conducive to a better social environment around the public housing project during working hours.

They're just hanging out there. And naturally, you know, they draw their male counterparts that are not working either. And this is not a good factor in the public housing scene.

The tenants associations, in some of the public housing projects in our area, have opened up convenience stores to help the people that live there, and as well as to train people to work in these kinds of semi-private operations.

And I would like to see—I think it would be very important to have a day care center operated by tenants associations in public housing projects. The leadership among the tenants associations, of some of these public housing projects, is very good.

It is not universal. But I've found some pretty top-level people in the tenants associations. And I just would like to say I wish somebody would explore the possibility of these public housing projects tenants associations getting involved in day care centers—certified day care centers. I'm looking at the child care not only, as I said, for the economic opportunities for the mother, but as a socially stabilizing situation for the environment in the public housing projects, themselves.

And if you have any comments to make on my observation I'd be happy to hear them.

Mr. ROBINS. I will say that I agree with you wholeheartedly. I think the research done on this particular project indicates tremendous returns for such a policy.

And I think it's also interesting that based on the survey that was performed of all the different public housing authorities throughout the country, about 10 percent had some active kind of day care program within the project.

Of those 10 percent, approximately a third were Head Start Centers which have a different focus from the ones I'm interested in, the ones I looked at which are facilitating employment of the mother. So it's a great untapped resource, I think.

Mr. LEHMAN. And I—this may be the way I look at it, but I sense, from various tenant leaders, a little bit of hostility to the young woman with a small child who does not go to work.

They would like to see these young women out of the public housing projects during the daytime and they can't unless they have the proper child care system.

Thank you, Mr. Chairman.

Chairman MILLER. Thank you. Thank you very much for your help.

The Committee stands adjourned.

[Whereupon, at 12:15 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

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March 23, 1987

The Honorable Nancy Johnson
U.S. House of Representatives
119 Cannon Building
Washington, D.C. 20515

Dear Representative Johnson:

Thank you for giving me the opportunity to review your Child Care Act of 1987. I understand that several of the issues addressed in your proposed legislation were discussed at hearings of the Select Committee on Children, Youth, and Families on March 10th. I would greatly appreciate it if you would add this letter to the hearing record, given that my comments may be of interest to other members of the Select Committee and those who follow its reports.

I share your concerns about the supply of affordable child care, and about the invisible providers offering unregulated family day care. Your efforts to address these pressing problems with federal legislation are to be commended. There is a crying need for a more coherent, dependable child care system that supports high quality care for our youngest and most vulnerable citizens.

In my view, the Child Care Act of 1987, while well-intentioned, fails to meet this need. It may even undermine what little progress has been made toward improving child care. My central concerns pertain to the effects such legislation would have on the quality of care available to young families, and on accelerating the growth of a two-tier child care system.

I have grave reservations about the proposed legislation's retreat from the licensing and regulation of child care. While far from perfect, state regulation of child care affords the only available source of basic protections for children in child care. The purpose of licensing is to assure that children, not in the immediate supervision of their own parents, are safe, well-attended, and humanely treated. I know of no state regulations that are frivolous or overly intrusive. Quite the contrary. They tend to require minimal, basic, common-sense practices in child care. This type of regulation should be strengthened and accepted as a fully legitimate government function, just as it is for many other services offered to the public such as hairdressers, auto mechanics, bus drivers, and accountants. Child care deserves no less.

Moreover, state licensing of child care asserts the legal responsibility of the state. In addition to affecting the basic safety and comfort of children in child care, regulation subjects programs to public scrutiny, sanctions for licensing violations, and to inspections upon consumer request. A parent's ability to report licensing violations to a state office is a basic, bottom line protection for families. While you include language under "other administrative procedures" asserting the need for "procedures for establishing handling complaints from child care providers or recipients" under the voucher program, the lack of specificity and the apparent focus of the procedures on the voucher program rather than on child protection are cause for serious concern.

Any effort to exempt programs from basic child and legal protections is a step backwards. Three years, the span of time for which family day care providers are excluded from regulation in the Child Care Act of 1987, is three years in a child's life. A single day is one day too long for a child's safety and development to be placed at risk. Consider the children in the unregulated family day care home in New York City who died because they were in an unsafe, overcrowded family day care home.

The answer to these tragedies is not to dismantle regulation, place the names of providers on a list and hope they choose to participate in voluntary certification. The answer is to provide incentives to family day care providers to become part of the visible, regulated system of child care.

This is, in fact, the answer offered by the family day care community in extensive testimony presented to Congress concerning the Child Care Food Program. This program requires that all homes receiving CCFP benefits be licensed or regulated by their state, after which they receive 2-3 on-site visits per year, and receive valuable training and technical assistance in child nutrition. In addition, participation in CCFP links family day care providers to other valuable community supports which make them more competent providers.

Testimony supports and applauds this incentive approach as the reason why family day care providers "join the system." Linda Locke from Community Coordinated Child Care in Louisville, Kentucky states, "(CCFP) has brought more day care homes into licensing and into compliance with state and local requirements, and has provided the incentive for caregivers to become visible and accessible to parents." Other witnesses praise the program for ensuring that family day care providers offer quality care. Karen Hill-Scott, Director of Crystal Stairs, Inc. which administers the Child Care Food Program in Watts, California -- the lowest income area in Los Angeles -- states, "The food program is the one overriding factor that encourages child care providers to become licensed. The license is the

only standard we have for child protection." None of the statements holds any hint that the CCFP requirement that homes comply with regulations is a burden.

Ironically, the Child Care Act of 1987, by excluding family day care homes from state regulations, also excludes them from participation in the Child Care Food Program and its attendant benefits.

A constructive response to concerns about the availability and visibility of family day care homes is already available to us. Family day care providers respond to incentives in the form of an enhanced ability to provide nutritious meals for children, training and technical assistance, and links to other programs that place families in child care and thus guarantee a stable clientele. Knowing this, and knowing that the Child Care Act of 1987 is in direct conflict with the provisions of the Child Care Food Program, I cannot support its approach.

Moreover, I am very concerned that the Child Care Act of 1987 will provide support for the existing two-tier system of child care in which good quality programs are available to middle- and upper-class families, and largely inaccessible to low-income families. I know you share these concerns, but I have serious reservations about the approach you propose. In the service of making family day care more visible and affordable for low-income families, I am afraid the proposed legislation runs the risk of improving access to <u>poor</u> quality care.

There is growing recognition that high quality, developmental child care programs are exceedingly critical for low-income children. The same children who would likely be consigned to low-cost, unregulated care if the Child Care Act of 1987 were passed are identical to those who are presently the focus of state efforts to provide high-quality preschool programs.

It is time we weave together these two strands -- high quality care designed to promote healthy child development and efforts to make child care more accessible to low-income families. They are not competing goals, but rather complementary goals. Federal legislation, in particular, should recognize this and advance the development of accessible, high-quality child care for all families.

I congratulate you for taking the bold step of proposing a new federal child care program. It will generate attention as a model of what we seek to promote in our nation's child care. Improved access to care for low-income families is certainly a significant goal. But unless we assure that the care available to these families will protect and facilitate the development of young children, we are not doing them any favor. We may be doing them a disservice.

I would be more than happy to discuss my concerns with you further and to explore other mechanisms for achieving our mutual goals for the nation's child care system. Thank you for giving me this opportunity to respond.

Sincerely,

Edward Zigler

Edward Zigler
Sterling Professor of Psychology

EZ/ghm

N/D witness

**Communications Workers of America**
AFL-CIO

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Barbara J. Easterling
Executive Vice President

File: 1.14

March 23, 1987

Representative George Miller
Chairman
Select Committee on Children, Youth
and Families
Room H2-385, House Annex #2
Washington, D.C. 20515-6401

Dear Representative Miller:

I have enclosed a copy of a statement by CWA President Morton Bahr regarding the need for child care, especially in light of changing economic circumstances. Attached to the statement is a bargaining proposal presented by CWA to the Bell telephone companies and AT&T during our 1986 contract negotiations.

Due to a prior commitment, President Bahr unfortunately was unable to appear before your committee on March 10, 1987. We would appreciate, however, inclusion of this statement and the bargaining proposal as part of the official hearing record since child care is one of CWA's top priorities.

Thank you for your leadership on this critical issue. Please let me know if there are additional activities with which we could be helpful.

Sincerely,

Barbara J. Easterling

Barbara J. Easterling
Executive Vice President

Enclosure
cc: M.E. Nichols
Lela Foreman
Leslie Loble

PREPARED STATEMENT OF MORTON BAHR, PRESIDENT, COMMUNICATIONS WORKERS OF AMERICA

I want to thank the Committee for this opportunity to address the very important issue of child care. The Communications Workers of America is a national labor union representing 700,000 workers in telecommunications, the public sector and in printing and publishing. Because we represent workers in service jobs, a growing sector of the economy, we are concerned about the present and future child care needs of workers. Approximately 55 percent of our membership is female, and though we feel both parents should accept responsibility for their children, the reality is that women almost always have the child care responsibility. As President of the Communications Workers of America, I have made a commitment within my union to promote the importance of family among our membership. I feel very strongly about the child care issue because of the demand placed on both the union's members and society as a whole by the tremendous changes in the work force over the last twenty-five years. The demands I am talking about are this country's obligation to take responsibility for the well being of our children -- the future workers and citizens of this nation.

The state of child care in this country is a national disgrace. Government as well as private statistics have reported the evidence of the changing makeup of the labor force for several years, yet no national policy or concerted effort has been made to address the needs of working parents.

**The Facts**

Women now comprise 44 percent of the civilian labor force. The stereotypical family of the 1950s -- working husband with a wife who stays at home to care for the children -- now represents only about 10 percent of families today. A recent Joint Economic Committee report points out that real family income would have declined 18% since 1973 without the influx of mothers into the workplace. There is a strong economic need in most families for both parents to work, and this trend is expected to continue. The Bureau of Labor Statistics reports that by 1995, more than 80 percent of women between the ages of 25 and 44 are expected to be working.

Because of the changes in the demographics of the work force and the continuing economic need for women to work outside the home, a vacuum has developed in the availability of adequate child care. The result has been that parents have had to settle for less than desirable child care arrangements. Additionally, there are social and economic costs resulting from this vacuum in terms of lower productivity, higher stress levels and higher rates of employee absences by parents. Studies have shown this to be the case. John Fernandez, author of Child Care and Corporate Productivity, said that sixty-five percent of 5,000 employees surveyed believe that child care problems are costing their corporations a great deal in lost productivity.

Not only has the demographic makeup of the work force changed, but the makeup of the family has as well. The number of single-parent households has been increasing, especially since 1970. The Journal of Home Economics reports that by 1980 single parent households exceeded 20 percent of all households with children under age 18. By 1984, about 10.9 million children were in such families. The Department of Labor reports that the number of children living with a divorced mother more than doubled between 1970 and 1982, and the number of children living with a never married mother increased more than 400 percent.

The social and economic makeup of our country has been undergoing tremendous changes with no resulting policy or initiatives to meet the needs created by these changes. Everyone wants to blame someone else, or force the initiative on another party, but government, schools, businesses, communities and unions should take an active role in setting family policy and initiating actions.

**CWA's Position**

In terms of how this issue affects CWA's membership, I feel I must take a stand and support efforts to increase the quality and availability of child care in this country. As a union our primary responsibility is collective bargaining, and in that vein we have tried to advance this initiative in our most recent round of negotiations in 1986 with AT&T and the Bell Operating Companies. We submitted a proposal to our bargaining committees entitled, "Employer Support for Child Care is Good Business." Pacific Northwest Bell was the only company to agree to the proposal and has established a joint union-management committee called the Joint Child Care Committee. Its purpose is to:

- Assess the needs of the employees through the development of a survey or questionnaire.

- Evaluate the results of existing programs and policies to determine the extent they meet the needs of the working parents.

- Research the resources that are available in the community, potential new programs, sources of funding and the impact of child care problems on the employer's operations.

- Recommend long-range plans and strategies which will best meet the varied needs of both the employees and Company.

Child care issues are being addressed in several of the joint quality of worklife committees operating in AT&T and the BOCs. In Michigan Bell for example, an operator's office in Detroit tackled the issue of finding adequate day care. They prioritized a list of their needs such as: a high quality education program, costs, convenient location and hours. They contacted the centers on a list provided by Wayne County Social Services, and narrowed their choices to three. Then they visited the sites to make their final decision. Their first choice has four locations, is open 24 hours and has a pick up and delivery service. The staff has licensed teachers and even offers Michigan Bell families a 10-20 percent discount.

In addition, we are working on a multi level (national, district and local) union strategy to develop initiatives that will move support into actions. And of course, we are supporting legislation such as H.R.925 and S.249 on parental leave benefits. This is a good start but certainly not enough.

**Initiatives**

I believe we can learn a lot from our Western European neighbors who consider family policies and support structures an integral component of national economic and social policy formulation. Sweden has exemplary child care facilities and supports work and family issues to a much greater extent than in the U.S. Swedish child care facilities are run by municipalities but regulated by the national government. They are financed by local tax revenues, parents' fees and state subsidies financed through employer payroll taxes. A similar method could be established in the U.S. Tying child care to educational development should also be a priority.

But the most important lesson we can learn from other countries is that government, employers, unions and communities can and should work together to accomplish adequate quality child care in the U.S. Each of us has a role. I would like to see government establish national guidelines and standards for educational and nuturing needs. I would like to see business and labor working cooperatively to identify the needs of working parents and establish some form of strategy for meeting those needs through both public and private efforts. Finally, I would like to see community based child care centers subsidized by government, employer and parental funding.

Quality child care, like quality education is a concern for every citizen of this country, not just the parents of young children. Our future depends on the way today's children are treated, cared for, and prepared for tomorrow. We stand ready to work with this committee in developing legislation on quality child care programs. Thank you.

## EMPLOYER SUPPORT FOR CHILD CARE IS GOOD BUSINESS

The American family has changed dramatically and, as a result, so has the American workplace.

- The "typical" American family - employed father and full time homemaker mother caring for one or more children - represents less than 10% of families.
- Half of the paid workforce are women.
- Half of the mothers of preschool children work outside of the home.
- Five million children under the age of 10 return from school to an empty home.
- Half a million preschoolers are alone at home for part of the workday.
- Most parents pay $3,000 a year for child care.

These facts are having a profound effect on workers and on the workplace.

Studies have documented that child care concerns and problems cause problems at work. The most recent book on the subject is by ATTCOM's Division Manager for Personnel Services, John Fernandez. AT&T's Fernandez concludes that the stress placed on workers by work/family conflicts is "a hidden cost that represents a steadily growing drain on the corporate 'battery.' As the data gathered in our survey indicates, wise managers may find that a relatively

small investment in supporting employees' child care, directly or indirectly, will pay larger dividends in increased productivity."

## THE IMPACT OF WORK/FAMILY PROBLEMS

AT&T's Fernandez surveyed 5,000 management and craft employees working for five large technically-oriented companies. The results match those of the other scientific studies that have been made in the past ten years.

The studies find that:

- Half of all employed parents experience absenteeism and tardiness because of child care problems.
- Most mothers and many fathers spend some of their time at work worrying about or dealing with child care problems.
- Sixty percent of all workers experience stress on the job because of family problems.
- Sixty percent of supervisors spend some work time dealing with child care problems of their subordinates.

## WHAT BUSINESS IS DOING

2,500 companies in the U. S. are presently providing some assistance to their workers to help with child care problems. The programs range from providing information to providing some financial help to opening a subsidized child care center at the worksite. Some examples:

- UAW and General Motors run a child care resource and

referral service on a pilot basis at a Pontiac, Michigan plant.

- Many companies offer flexible work schedules or part-time work or job-sharing with full benefit coverage.

- New York State's Employee Assistance Program, jointly administered with its unions, is geared to helping workers cope with family problems.

- Some companies restrict mandatory overtime if it interferes with child care or pay the extra costs of child care associated with mandatory overtime. (At least one child care center charges $1.00 for every minute that a parent is late picking up a child.) Hewlett-Packard provides flexible working hours to accommodate school and doctor appointments and other family problems.

- The Newspaper Guild has negotiated a $500 per parent annual child care subsidy for its workers at The Village Voice. The money can be used for care in the worker's home in a family child care home or a child care center. Polaroid subsidizes 5 to 85 percent of the cost of child care at enters and at faily day care homes for its workers earning less than $25,000.

- An organization called Chicken Soup, in Minneapolis, provides care on short notice for sick children of working parents. 3M provides and subsidizes nurses and nurses' aides to care for sick children in the workers'

homes.

- Fel-Pro, Inc. operates a summer camp for children near its plant in Skokie, Illinois.

- Several high tech firms in Silicon Valley, California have formed a consortium which runs a partially subsidized child care center available to all of their workers.

These plans and programs are examples. They do not cover the full range of actual or possible programs that can help working parents cope.

## THE ADVANTAGE TO THE COMPANY

Every study has demonstrated that speical assistance to working parents pays dividends. A 1982 study of 425 employers providing some assistance, ranging from EAP support to an on-site child care center, showed that more than half of the employers experienced increased productivity and/or reduced absenteeism, tardiness and turnover. Seventy-five percent of the companies polled in a 1983 study said the benefits of providing child care outweighed the costs. Among the improvements cited were:

- lower absenteeism and tardiness (one company reduced

absences by 19% and turnover by 63% when it opened an on-site child care center)

- earlier return from pregnancy leaves
- decreased employee stress
- improved recruitment
- greater employee loyalty
- improved morale
- a better public image for the company.

AT&T's Fernandez concluded that "corporate involvement in child care can produce significant financial dividends."

## WHAT SHOULD CWA ASK FOR

Every working parent has already made some arrangement for child care. To figure out what our members need, it is important to find out what they are doing about child care now, what they like and don't like about their arrangements, and what help they would like from the company.

- The first goal of CWA's child care bargaining should be a joint CWA-company "needs assessment" of the working parents at each work location or geographic area. The study should be planned at company expense on work time with assistance from CWA Headquarters. Workers should meet to discuss the questions and respond to the

questionnaires on company time.

- A joint CWA-Company Work and Family Committee should be established.

  The Work and Family Committee should be mandated to consider changes in work hour, leave and absence control policies to accommodate child care problems, a no-cost item.

- A Child Care Fund should be established in each bargaining unit, administered by the CWA-Company Work and Family Committee. The money can be spent on one project or a variety of pilot programs. The money should be used to meet needs identified in the "needs assessment."

- Committees should consider gathering information and providing assistance to workers who care for dependent spouses, parents and adult children as well as preschool and school-age children.

Work and family conflicts burden our members and reduce the productivity of our employers. CWA has the ability to make a difference through 1986 bargaining.

The Commonwealth of Massachusetts
Executive Office of Human Services
Department of Public Welfare
180 Tremont Street, Boston 02111

Charles M. Atkins
Commissioner

April 22, 1987

George Miller, Chairman
U.S. House of Representatives
Select Committee on Children,
Youth, and Families
385 House Office Building Annex 2
Washington, DC 20515

Dear Chairman Miller:

Many thanks for giving me the opportunity to review my testimony.

Enclosed are the savings estimates which Congressman Skaggs requested.

As I indicated on March 10, I think your advocacy of increased day care is the key for developing a first class work option for welfare recipients.

Sincerely,

Thomas P. Glynn, III
Deputy Commissioner

TPG/dlp

## ET Savings

The Massachusetts Employment and Training program (ET) saves taxpayers money whenever a client is placed into a job and he or she moves out of poverty and off the caseload. Savings include reduced AFDC, Food Stamp, and Medicaid expenditures as a result of welfare recipients no longer needing assistance. Savings also include increased state and federal tax payments from ex-welfare recipients who join the ranks of taxpayers. In 1986 alone, ET saved an estimated $121.2 million after all program costs are subtracted. Savings from 1983 through 1986 are summarized in the table below.

| Year | AFDC Savings | Food Stamp Savings | Medicaid Savings | Tax Revenue | TOTAL SAVINGS | Program Costs | Net Savings |
|---|---|---|---|---|---|---|---|
| 1983 | $ 0.4M | $0.1M | NA | $0.1M | $ 0.5M | $ 6.7M | ($6.2M) |
| 1984 | 16.5M | 4.9M | $3.8M | 3.9M | 29.1M | 26.5M | 2.6M |
| 1985 | 47.3M | 13.3M | 19.3M | 11.1M | 91.0M | 35.0M | 56.0M |
| 1986 | 91.4M | 22.3M | 39.2M | 18.6M | 171.5M | 50.4M | 121.2M |
| Total | $155.5M | $40.6M | $62.3M | $33.7M | $292.1M | $118.6M | $173.6M |

Calculations

Savings resulting from the ET program are calculated based on a monthly computer matching of all clients placed into jobs through ET with welfare eligibility files. This matching determines which clients have closed off welfare each month, which clients are still on welfare with reduced benefits, and which clients have not yet been able to become self-sufficient.

A. Benefit Savings

Benefit savings for closed cases were estimated based on the actual average monthly expenditures for open cases for each fiscal year. These values are shown below.

| | AFDC | Food Stamps | Medicaid |
|---|---|---|---|
| FY84 | $356 | $136 | $233 |
| FY85 | 369 | 137 | 233 |
| FY86 | 399 | 128 | 250 |
| FY87 | 439 | 119 | 267 |

For each month a case was closed, savings in the amounts shown above were assumed to accrue. Medicaid savings were not assumed to begin until the fifth month a case was closed. (AFDC cases which close because of a job are entitled to four months of additional Medicaid.)

Cases with reduced benefits were assumed to save one-half of the average AFDC grant.

B. Tax Revenue

Tax revenue from ET placements comes from four sources: social security taxes (FICA), federal income tax, state income tax and state sales tax. The amounts assumed for these taxes are show below.

| | |
|---|---|
| FICA: | 7.15% of earnings |
| Federal Income Tax: | $400 |
| State Income Tax: (1983 through 1985 only) | $132 |
| Sales Tax: | 5% of 1/3 of the difference between AFDC benefits and new income level |

All tax payments were calculated based on an income of $10,000. Current ET wages are over $12,000 per year.

C. Program Costs

Monthly program costs were calculated based on actual yearly costs of all ET components including education, training, placement, and day care services. These costs are shown below.

| | ET Services | Day Care | TOTAL |
|---|---|---|---|
| FY84 | $15.0M | $ 5.1M | $20.1M |
| FY85 | 18.0M | 8.2M | 26.2M |
| FY86 | 25.9M | 17.9M | 43.8M |
| FY87* | 29.9M | 27.9M | 57.5M |

*estimated

D. Net Savings

Net savings are calculated by subtracting monthly program costs from the benefit and tax savings which accrue each month from closed cases and reduced cases.